RESOURCES ROADHOUSE™

The Inside Story
By Wally Graham

St George Mining (ASX: SGQ)

St George strengthens Mt Alexander nickel discoveries

The old saying that the proof of any exploration play lays at the end of a drill bit is being demonstrated by St George Mining (ASX: SGQ) at the company's Mt Alexander project in Western Australia.

MT ALEXANDER IS LOCATED 120 KM south-southwest of the Agnew-Wiluna belt, home to numerous world class nickel deposits.

The project comprises three granted exploration licences – E29/638, E29/548 and E29/962.

The E29/638 exploration licence is held in Joint Venture by WA's biggest locally owned nickel producer, Western Areas Limited (25%) and St George (75%) and hosts the Cathedrals and Stricklands nickel-copper discoveries as well as the Investigators prospect which will be drilled for the first time this month.

Western Areas is also a shareholder in St George, as is that company's former chairman Terry Streeter – who is regarded around the traps as an astute nickel investor.

Streeter has made it well-known that he considers Mt Alexander to be a new Western Areas style project.

The fun began at Mt Alexander earlier this year when St George announced multiple intersections of massive nickel-copper sulphides with its maiden drilling program at the project.

A major new discovery was made at the Stricklands prospect, located within the Cathedrals belt and approximately one kilometre west-southwest of the Cathedrals prospect where the initial discovery of nickel-copper sulphides was made by BHP Billiton in 2008.

"We commenced our drilling program at Mt Alexander earlier this year and were pleased to subsequently announce the discovery of high-grade nickel-copper sulphides with very high cobalt and platinum group elements (PGEs)," St George Mining executive chairman John Prineas told *The Resources Roadhouse*.

"From what we have seen so far it looks like being very valuable mineralisation."

It only took three holes to confirm Stricklands as a significant discovery with impressive intersections of mineralisation at shallow depths 50m from surface. Assay results have confirmed:

MAD20:

Returned 9.3m of disseminated mineralisation from 44.2m grading into matrix and massive sulphides with 0.93m at 2.5 per cent nickel, 0.68 per cent copper, 0.16 per cent cobalt and 1.1g/t total PGEs from 53.52m;

MAD22:

Returned 7.95m of disseminated-blebby sulphide mineralisation from 41.9m grading into stringer and massive sulphides with 2.78m at 1.62 per cent nickel, 2.51 per cent copper, 0.07 per cent cobalt and 1.88g/t PGEs from 49.85m, including 0.23m at 13.1 per cent copper, 43 grams per tonne silver from 52.4m; and

MAD23:

3.75m of disseminated sulphides from 53.7m grading into matrix sulphides with 1.5m at 1.29 per cent nickel, 0.57 per cent copper, 0.06 per cent cobalt and 1.11g/t total PGEs from 55.55m and massive sulphides with 0.25m at 4.18 per cent nickel, 3.4 per cent copper, 0.18 per cent cobalt and 4.29g/t PGEs from 57.45m.

"Discovering massive nickel-copper sulphides with our first ever drill program at Stricklands showed the tremendous prospectivity for additional high grade mineralisation at Mt Alexander," Prineas said.

"It also demonstrated the effectiveness of the EM techniques we are employing, with all conductors drilled so far proving to be nickel-copper sulphide mineralisation. This increases the probability that a number of untested EM targets in the Cathedrals belt will also deliver further nickel-copper discoveries."

"What is also very attractive is that this is shallow mineralisation, which means this deposit is cheap to drill out – and more importantly – is likely to be a very low cost mine when that time arrives. Even with the present depressed nickel price, the economics

of our project are shaping up very nicely."

The Stricklands results came hot on the heels of drilling success at the Cathedrals prospect with laboratory assays confirming that drill holes at four previously untested electromagnetic (EM) conductors at Cathedrals had all intersected high-grade nickel-copper sulphide mineralisation – also with high values of cobalt and PGEs.

Drill hole MAD15, in particular, intersected 9.5m of sulphide mineralisation that included an exceptional interval of massive nickel-copper sulphides of:

1.17m at 8.75 per cent nickel, 3.37 per cent copper, 0.24 per cent cobalt and 6.16g/t total PGEs from 30.17m.

"We were very pleased with our maiden drilling program at Cathedrals as it added significant new areas of mineralisation that build on the initial BHP Billiton discovery," Prineas said.

"The high-grade nickel and copper at Cathedrals are outstandingwith the exceptionally high PGEs and cobalt significantly enhancingd the attractiveness of the project."

"Cobalt is creating more interest as a strategic metal in regards to it being a vital component in the fast growth area of lithium batteries.

"All of a sudden cobalt looks like it is going to be in short supply and big demand and we have got very high levels of cobalt in our nickel sulphides."

St George considers the discovery of high-grade nickel-copper sulphides at Stricklands confirms that the mineralised ultramafics in the Cathedrals Belt extend intermittently for over two kilometres and recognises that the high-grade mineral system in the Cathedrals Belt is much more extensive than previous drilling had indicated.

At this stage the Investigators prospect remains unexplored, however it is anticipated the upcoming

drilling there will further extend the mineralised ultramafics in the Cathedrals Belt to over 3km.

St George completed a surface EM survey at Investigators earlier this year and identified several EM conductors – three of which are planned for drilling this month. The Company says that one of these conductors is three times more powerful than any other conductor detected within the Cathedrals Belt to date.

This month's drill program will test the three EM conductors at Investigators and will also include follow-up drilling at Cathedrals and Stricklands where several downhole EM targets were identified from the drilling there earlier this year.

"We are highly confident that we will encounter more high-grade nickel sulphides at Mt Alexander in this month's drill program," Prineas said.

"Our targets are really tantalising and we expect there to be a lot more exciting news emanating from the project in the near future."

The news to come should be well worth the wait, especially given St George's excellent success rate with recent drilling at the previously untested Stricklands prospect.

All EM conductors drilled by St George at Stricklands were confirmed as high-grade nickel-copper sulphide mineralisation, which is a result any company would welcome for the first drill program in a new target area.

"The Stricklands discovery proves that there is great potential for further high-grade massive nickel-copper sulphide mineralisation at this under-explored project," Prineas said.

"We are seeing high grades of nickel and copper as well as cobalt and PGEs over a very broad area, which is exactly what you want to see in a potential new nickel camp.

"Our confidence is growing that our upcoming drill program will deliver further exploration success."

The Short Story

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