

ST GEORGE TO CONQUER DRAGON PROSPECTS

Just like its namesake figure that slays the dragon, St George Mining is equally set to make its mark. **Ngairé McDiarmid** reports

NICKEL-FOCUSED junior St George Mining has begun the most exciting chapter in its progress yet.

After establishing a high quality nickel sulphide exploration project east of Laverton in Western Australia, St George is now on the verge of a discovery at its promising targets.

Phase 1 of its drilling program at East Laverton was due to begin at the time of going to press and executive chairman John Prineas is enthusiastic on the company's prospects.

The area's nickel sulphide potential was established thanks in part to work done by BHP Billiton Nickel West through a now concluded farm-in deal, and some innovative exploration by St George itself.

BHP Billiton's decision to move on due to a change in its corporate focus turned out to be a great Christmas gift for St George.

St George now has all the mining giant's promising exploration data and full ownership of its 26 tenements that cover 2000sq.km and have proven nickel sulphide mineralisation.

BHP spent almost \$A3 million at seven core tenements doing the initial exploration work and established positive indicators of nickel sulphides,

including important similarities to the Agnew-Wiluna Belt.

There are three key factors that set St George apart from its peers, according to Prineas.

Firstly, the high quality nature of the project with potential for multiple large scale discoveries; secondly, the advanced stage of the project, which is potentially at the point of a significant discovery following considerable work by both the world's largest miner and St George; and thirdly, the experienced management team which has considerable "skin in the game".

"There are a lot of junior mining companies exploring for nickel sulphides at the moment after the Sirius discovery of the Nova deposit," Prineas said.

"We think we're one of the best of those juniors."

Prineas said the exploration by BHP resulted in the first discovery of nickel sulphides at the ground.

"The initial exploration results were extremely encouraging and people could foresee the opportunity for a major discovery of BHP size and the potential of a new nickel camp," he said.

St George's tenements include three ultramafic belts, Stella Range, Central and Minigwal, each of which have high priority targets for nickel sulphide deposits.

The Stella Range Belt is the company's frontrunner due to the BHP exploration, which intersected disseminated nickel sulphides at depths of 100-130m.

"There's the potential for a relatively shallow deposit, which improves the economics of the project enormously," Prineas said.

"That's the focus of our exploration initially.

"This first drilling program will

target the best six conductors we think are worthy of testing, then we'll probably take a pause and wait for the results of the ongoing moving loop electromagnetic survey and then we'll have another group of targets to go after."

Desert Dragon North at Stella Range is shaping up as the company's best target area. Its high quality electromagnetic conductor, announced in February, has been labelled "exceptional".

Prineas said the combination of available geochemical, geological and structural information for Desert Dragon North corroborated the geophysical interpretation as a potential massive sulphide deposit.

"We were bold enough to call it an exceptional EM conductor," Prineas told *RESOURCESTOCKS*.

"We don't use adjectives like this too freely but we're really excited by that one.

"It's very close to a high-grade, 1%-plus nickel intersection we had out there.

"The conductor sits on a magnetic high which is where the thickest part of the ultramafic is and where the nickel sulphides typically accumulate, and there are elevated soil geochemical values in that broad area as well.

"All the boxes are ticked, so we're very excited to get out there and drill that target."

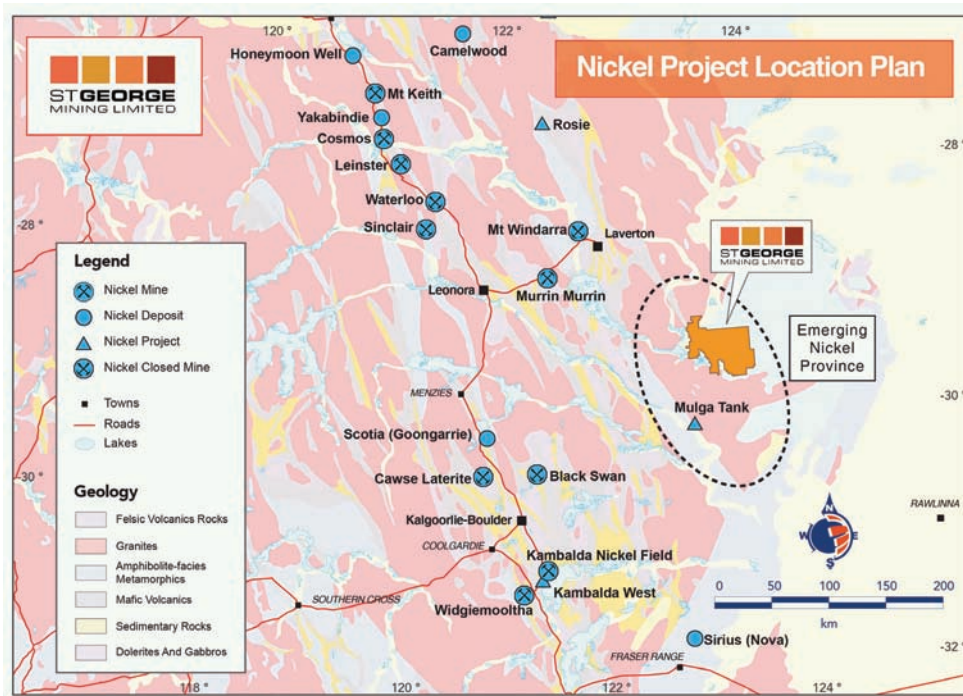
Adding to the excitement is the fact that St George has many more nickel targets up its armoured sleeve.

St George's targets on the Stella Range Belt include Desert Dragon, Desert Dragon North, Cambridge, Windsor and Aphrodite.

The there is a large section of the belt in the north – called

RC drilling at East Laverton.





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ST GEORGE MINING

Cambridge North – that has yet to be explored.

Slightly to the east lies the Central Belt hosting the Bristol and Bristol South nickel targets, while further east is the Minigwal Belt and its Athena and Oxford nickel sulphide targets.

Furthermore, Prineas said East Laverton had the potential for multi-commodity discoveries.

“The most advanced targets are the nickel so that’s where we’re focussing at the moment,” he said.

“Our gold and copper targets are early stage, so we’re concentrating our funds on the nickel exploration but we certainly have the potential for other discoveries out there as well.”

The company’s nickel exploration expertise has been bolstered by working with experienced Newexco geophysical consultants, who have been involved with major recent nickel discoveries including Sirius Resources’ massive Nova deposit and Western Areas’ Flying Fox and Spotted Quoll.

“They have a proven track record and we’re very happy they’re working with us,” Prineas said.

“We’re not just exploring at one small prospect, we’ve got 26 contiguous tenements out there and we’re exploring up and down along a belt which has a 60km strike length at Stella Range alone.

“It’s a big job, but the potential prize is also huge.”

The company’s technical team is headed by the highly credentialed Tim Hronsky. St George also made two key appointments to bolster the team since the farm-in with BHP ended.

It has appointed the man who was managing the farm-in on BHP’s side, Matthew McCarthy, as a consulting geologist.

“That’s a real bonus – he’s got the big company work on our project in his head and his strategic advice on exploration targeting is of great value,” Prineas said.

“We are also lucky to have Travis Kerslake with us, a geologist who was previously a geophysicist – a perfect combination to make a nickel discovery.

“Travis cut his teeth at Western Mining many years ago and he’s very much at the leading edge of nickel exploration as well.

“We’ve beefed up our team and are very well qualified to continue the nickel exploration on our own.”

As well as starting the 2014 drilling program, St George is continuing its MLEM survey to cover the remaining third of Stella Range, followed by the Central and Minigwal belts.

“There are still a lot more targets to be proven up,” Prineas said.

“We are optimistic of a nickel discovery in the first phase of the drilling campaign.

“But we also have a large pipeline of targets that potentially could add enormous value to the company.”

Investors showed their faith in St George through an oversubscribed share placement in November and Prineas is keen to retain a tight capital structure.

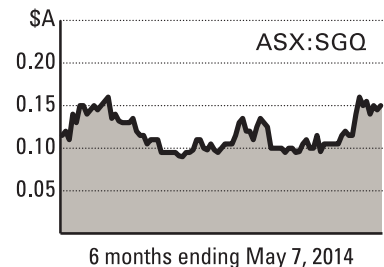
“They can see we spend our money prudently and we put as much money into the ground as possible,” he said.

“We are not a lifestyle company for management. It’s all about creating shareholder value. It’s taken a lot to get to this point but that’s what happens with exploration, it takes time to get to a discovery.

“But we are now at the point where we do have very strong drill targets and an extremely high chance of making that breakthrough discovery, so we’re very excited.”

A map illustrating St George Mining’s tenements in an emerging nickel province.

ST GEORGE MINING AT A GLANCE



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MARKET CAPITALISATION

\$A11.1 million (at press time)

QUOTED SHARES ON ISSUE

79.48 million

MAJOR SHAREHOLDERS

John Prineas 14.19%
Impulzive Pty Ltd 13.26%
Oceanic Capital Pty Ltd 11.84%