

Monday 14th August, 2023

Portfolio Stock Update

St George Mining - (ASX: SGQ, Share Price: \$0.039, Market Cap: \$33m, coverage initiated @ \$0.175 in May 2016)



Key Catalyst

Acquisition of seven hard-rock lithium projects in Western Australia encompassing a total area of 653 sq km, including acreage along strike from high-grade lithium deposits and established mines.

SGQ has figured prominently in our coverage universe since initiation in May 2016, when the company's exploration focus was its Mt Alexander project in Western Australia's goldfields region. SGQ set the market alight during late 2017 on the back of exciting high-grade drilling results that intersected nickel-copper-cobalt-PGE sulphides, with mineralisation akin to an intrusive mineral system – such as Raglan, Voiseys Bay and Norilsk - rather than typical Kambalda-style extrusive deposits. More recently, SGQ has diversified its exploration exposure to incorporate lithium, recently acquiring seven hard-rock lithium projects in Western Australia, encompassing 14 exploration licences that cover a total area of 653 sq km. These new projects incorporate acreage that is located along strike from high-grade lithium deposits and established spodumene producing lithium mines, with exploration activity to commence during 2023.

Latest Activity

Lithium Projects Acquisition

SGQ has provided an important update with respect to its lithium exploration activities in Western Australia, with the acquisition of a series of new projects.

SGQ's wholly-owned subsidiary, Lithium Star Pty Ltd (Lithium Star), has completed the 100% acquisition of a package of lithium-prospective tenements in Western Australia, which was first announced during March 2023.

The tenement package consists of 14 exploration licences (13 granted and 1 in application) that encompass a total area of 653 sq km within seven distinct projects – comprising the Split Rock Project, Buningonia Project, Buningonia North Project, Myuna Rocks Project, Ten Mile West Project, Carnamah Project and the Lindville Project. The projects include acreage that is located along strike from high-grade lithium deposits and established spodumene-producing lithium mines.

SGQ has exploration planned during 2023 across all its new projects, with a priority focus on:

- The Split Rocks Project, located ~25km north-west of the Earl Grey lithium deposit that hosts a resource of 189Mt @ 1.50% Li₂O, owned by Covalent Lithium – a joint venture between Wesfarmers (ASX: WES) and SQM (NYSE: SQM).
- The Buningonia and Buningonia North Projects, located within the same lithium province as Global Lithium's (ASX: GL1) Manna Project and the operating Bald Hill Mine.
- The Myuna Rocks Project, near Allkem's (ASX: AKE) operating Mt Cattlin Mine.

Technical Significance

SGQ has made a deliberate play to diversify its exploration interests away from its previously sole focus on nickel exploration at its Mt Alexander project, and the latest project acquisitions are a major reinforcement of this strategy, as it seeks to build a portfolio of lithium assets in Western Australia.

Five of the new projects are located within the southern portion of the Yilgarn Craton, an area that is developing a global reputation as a 'super province' for lithium, with three current spodumene-producing mines and five others under development.

The Split Rock Project comprises four granted exploration licences covering an area of 73 sq km within the lithium-rich Mt Holland pegmatite field. It is located 25km northwest of the Earl Grey Deposit, which hosts a resource of 189Mt @ 1.5% Li₂O and is one of the largest and highest-grade lithium deposits in Australia. The Split Rock Project is interpreted from magnetic data to host concealed sediment-greenstone belts under cover, which are prospective for thick flat-lying lithium-bearing pegmatites similar to those discovered elsewhere within the Mt Holland region.



Figure 1: Graphic showing the location of the SGQ's new lithium projects, together with its existing Mt Alexander and Woolgongie Projects.

The Buningonia and Buningonia North Projects are located within the Eastern Goldfields, an established lithium region that hosts the Bald Hill Mine (26Mt @ 1% Li₂O); the Manna Deposit (32.7Mt @ 1.0% Li₂O) of Global Lithium (ASX: GL1), the Pioneer Dome Project (11.22Mt @ 1.16% Li₂O) of Essential Metals (ASX: ESS), the Mt Marion Mine (71.3Mt @ 1.37% Li₂O) of Mineral Resources (ASX: MIN), and the Anna Deposit (15Mt @ 1.0% Li₂O) within the Buldania Project of Liontown Resources (ASX: LTR).

The Myuna Rocks Project comprises three exploration licences that cover 273 sq km, located 30km north of the Mt Cattlin mine in the Ravensthorpe region. Fortescue Metals Group Ltd (ASX: FMG) also holds a large tenement holding that abuts the western part of the Myuna Rocks tenements. The targets are concealed pegmatites, with regional magnetics supporting the potential for favourable lithology and structures for pegmatites that may be analogous to those hosting Mt Cattlin.

Planned Exploration Activity

SGQ will launch exploration programs at all its new projects over the coming weeks, subject to the receipt of required heritage approvals. Exploration activities planned for 2023 will include:

- Ground field mapping including the mapping of pegmatites.
- Pegmatite rock chip sampling and geochem sampling through soils or auger drilling.
- Airborne magnetics where historic or no previous magnetics are available.
- Air-core and reverse circulation (RC) drilling for the more advanced projects, such as the Split Rock Project and the Buningonia Project.

Other Recent Lithium Exploration Activity

Mt Alexander Project

SGQ has also recently reported further lithium exploration results from its legacy Mt Alexander Project in Western Australia. Diamond drill-hole MAD213 has intersected a 120.8m continuous interval of pegmatite that occurs within a 225m zone comprising multiple pegmatites (the Manta pegmatite zone). Assays from the pegmatites intersected within MAD213 have provided indications of a wide, multi-phase and locally fractionated pegmatite system, which has potential to host lithium mineralisation where the pegmatites are intruded into more prospective host lithologies within the adjacent greenstone sequence at Mt Alexander.

Hole MAD213 was drilled to test a strong seismic reflector, the Manta Prospect, which was modelled as a circular feature with a diameter of ~1,000m and has now been confirmed as being due to the pegmatites intersected within a granite intrusion in MAD213. The current interpretation of the reflector is constrained by the extent of the initial survey. Further geophysics and drilling are now planned to identify the full extent of the Manta pegmatites and assist in defining where lithium fractionation may occur.

In addition at Mt Alexander, further assay results have been received from the recent drilling program at the Jailbreak Prospect, which have confirmed multiple lithium-bearing pegmatites with a peak value of 1.28% Li₂O. Encouragingly, lithium-bearing pegmatites have now been identified by drilling across a 2km strike of the pegmatite corridor, with a further 13km-long part of the corridor that hosts an extensive network of mapped pegmatites that is yet to be tested by drilling. In all, drilling at Jailbreak has intersected multiple pegmatites that have potential to become thicker at depth, similar to results reported by other explorers within the region.

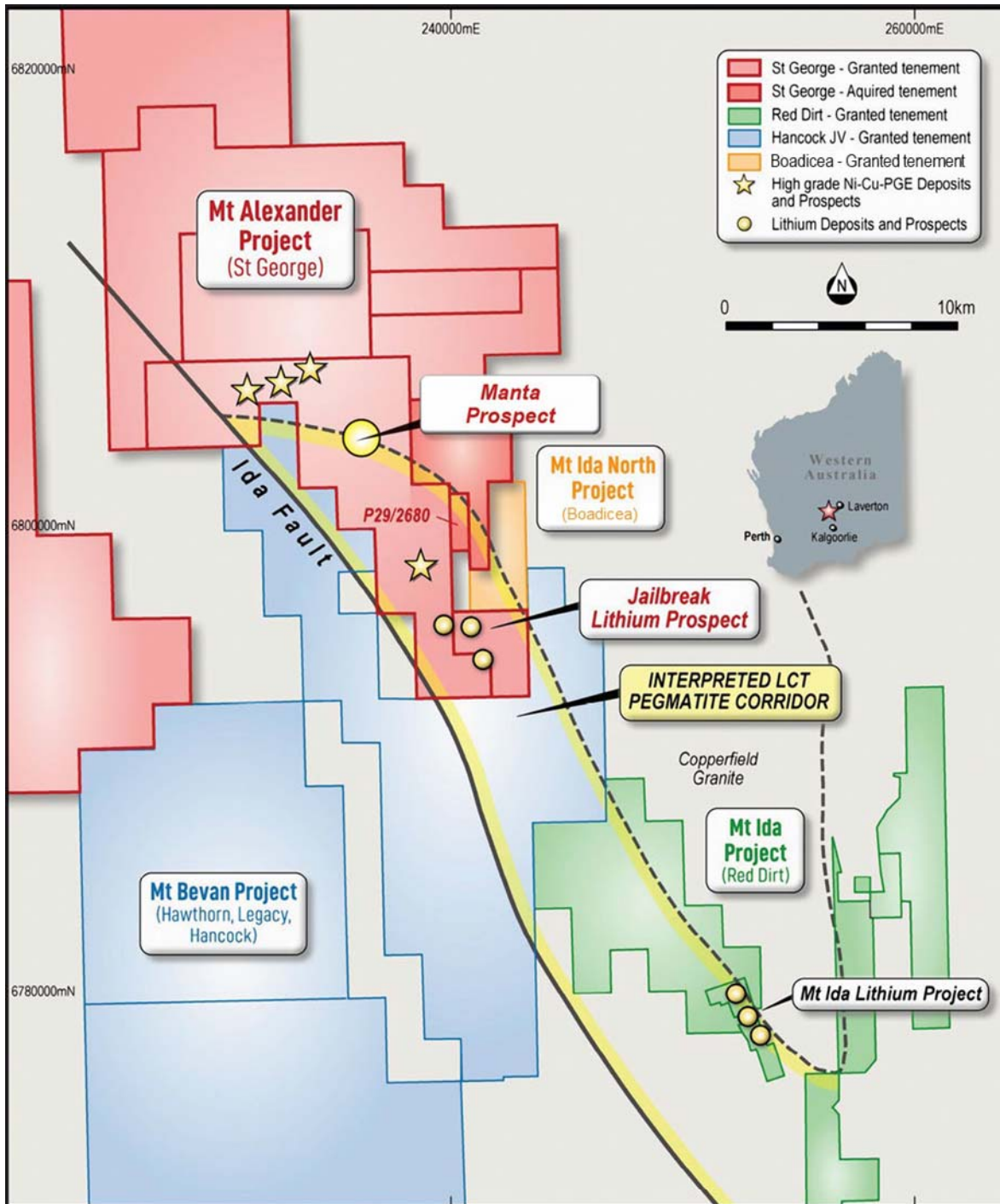


Figure 2: Regional map showing the location of Mt Alexander and other nearby lithium projects.

Technical Significance

SGQ’s understanding of the lithium prospectivity at Mt Alexander continues to evolve, with recent drill results confirming high-grade and anomalous lithium across a wide area and the presence of major structures that can produce wide extensional openings for thick fractionated pegmatites to intrude. The Manta and Jailbreak pegmatites are the type that is required for large mineral deposits. SGQ believes it has only just begun to realise the wider lithium potential at Mt Alexander.

SGQ is also encouraged by recent results announced by Delta Lithium (ASX: DLI) at its nearby Mt Ida Project and the confirmation by Hancock Prospecting that it will proceed with a lithium exploration joint venture for Mt Bevan, which has ground that is contiguous with SGQ's Mt Alexander tenure.

Summary

SGQ is expanding its Western Australian lithium footprint by consolidating its acreage position within the new Mt Ida Lithium Province in Western Australia. The province around Mt Ida, in Western Australia's northern Goldfields, has emerged as a new hard rock lithium province. Five of the new projects are located within the southern portion of the Yilgarn Craton, an area that is developing a global reputation as a 'super province' for lithium, with three current spodumene-producing mines and five others under development.

Simultaneously, SGQ is increasing its geological understanding with respect to its existing Mt Alexander Project and the wider lithium potential.

Accordingly, SGQ remains within our coverage Portfolio.

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