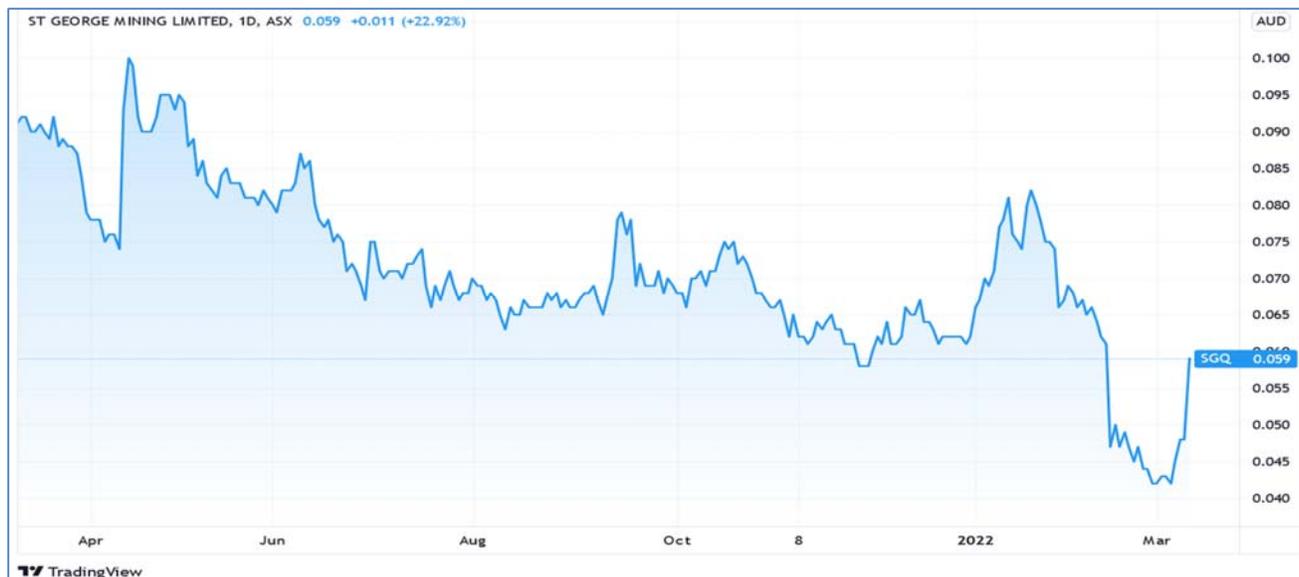


Thursday 10th March, 2022

Portfolio Stock Developments

St George Mining - (ASX: SGQ, Share Price: \$0.059, Market Cap: \$35m, coverage initiated @ \$0.175 in May 2016)



Key Catalyst

Positive metallurgical test-work results have seen high-grade nickel and copper concentrates produced with strong credits for PGEs, cobalt and gold from the Stricklands Deposit in WA.

SGQ has figured prominently in our coverage universe since initiation in May 2016, based on the company's strong commitment to evaluating the exploration big picture with respect to 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. The composition of the mineralisation within the Cathedrals Belt, comprising an elevated copper-nickel ratio, cobalt and PGE values and basalt host rocks, appears to be more akin to an intrusive mineral system – like Raglan, Voiseys Bay and Norilsk - rather than typical Kambalda-style extrusive deposits. The company is striving to recapture some of the sharemarket momentum that it has lost over recent years, with the latest metallurgical results and a key management appointment, potential catalysts for a price recovery.

Latest Activity

Mt Alexander Exploration Update

SGQ has provided an update with respect to ongoing exploration activity at its flagship Mt Alexander Project in Western Australia's north-eastern goldfields.

Overview

SGQ has advised that its latest test-work has confirmed the potential to produce two separate commercially attractive concentrates, with the work involving a detailed metallurgical program undertaken by XPS, a Glencore company with internationally-recognised credentials as leaders in metallurgical processing solutions for nickel-copper sulphide mineralisation.

The metallurgical test-work has produced a nickel concentrate grading 11.5% Ni (nickel) with 3.32 g/t Pd (palladium), 0.65g/t Pt (platinum) and 0.61% Co (cobalt); together with a copper concentrate grading 27.8% Cu with 12.4 g/t Pd, 1.9 g/t Pt and 2.6 g/t Au. Encouragingly, there were no deleterious elements identified that could affect the saleability of the concentrates, and there were additional strategies identified that could further optimise recoveries and concentrate grades.

A commercial flowsheet was also designed using conventional flotation processes, with the test-work utilising a composite of massive and disseminated ore from the Stricklands Deposit, replicating a potential life-of-mine ore. The ore samples were confirmed as amenable to processing with conventional flotation methods using standard re-agents, with a sequential flowsheet producing the best results using an initial copper float followed by a nickel float.

Importantly, additional areas of potential resources were also identified, with the opportunity to add further shallow nickel-copper sulphide mineralisation to the potential resource inventory at minimal cost. A massive sulphide lens approximately 350m to the west of Stricklands has been prioritised for resource drill-out.

The company is awaiting assay results from drilling conducted during 2021 at a massive sulphide deposit at the Cathedrals Prospect, with fresh massive nickel-copper sulphides starting 20m below surface.

Technical Significance

The release of these encouraging metallurgical test-work results is an important milestone in terms of what the market has been looking for. These results, supported by a flowsheet for potential commercial production, are an important milestone for the starter mine concept at Mt Alexander. The market has given it the thumbs-up, with SGQ closing up 23% to \$0.059.

The mineralisation at Mt Alexander hosts a unique combination of high-grade nickel, copper, cobalt and platinum group metals, which has the potential to produce high-value concentrates. Importantly, the detailed metallurgical program conducted by XPS has confirmed that widely-used flotation techniques can

produce separate clean concentrates for nickel and copper - with both concentrates also showing high payable credits for other metals - including palladium, platinum, gold and cobalt.

Further optimisation work will be considered as the company progresses marketing studies with potential off-take customers. Furthermore, with the prices for all metals in the project's commodity suite at historical highs, SGQ will also look to expand the area of known mineralisation to include additional high-grade massive sulphide lenses intersected in previously announced drilling, as well as untested targets at shallow depth surrounding the Stricklands Deposit.

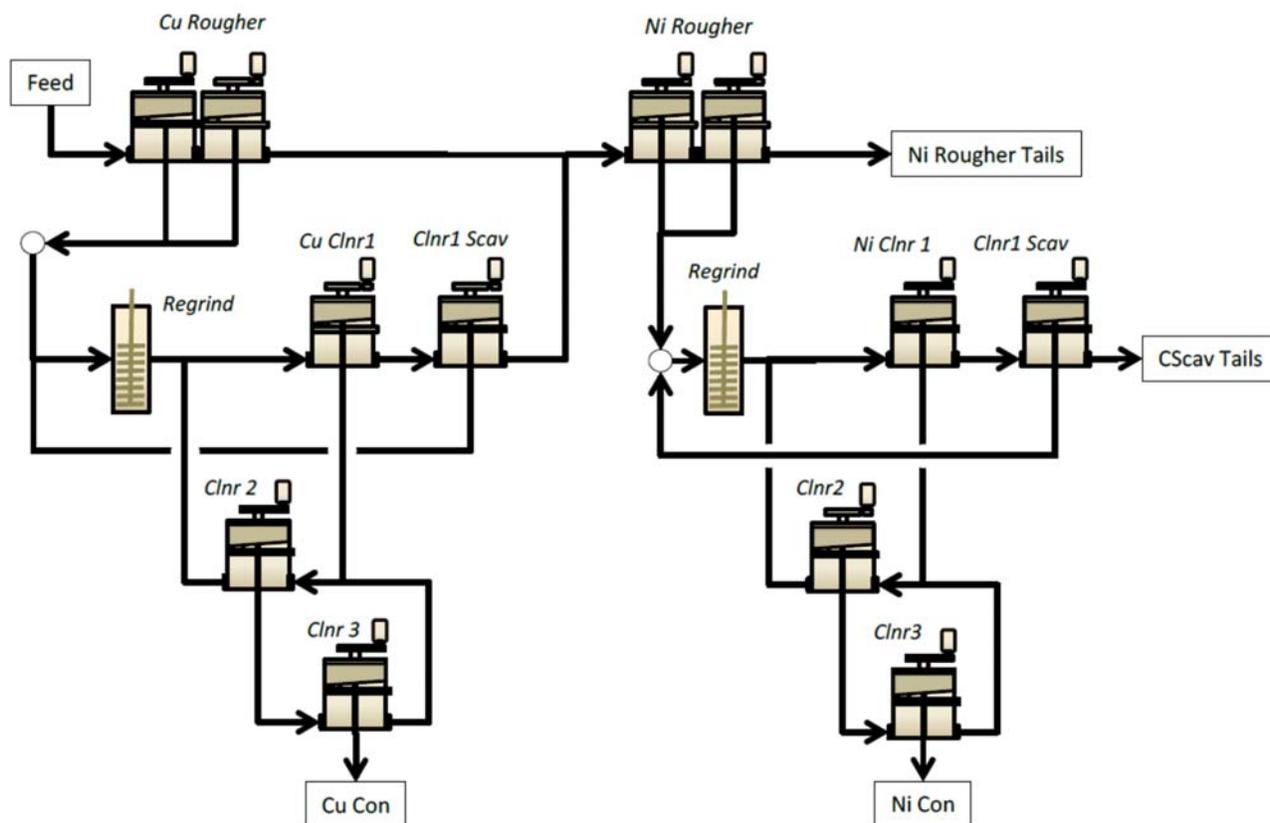


Figure 1: Flowsheet for sequential flotation used for metallurgical results in this report.

Other Recent Activity

Shallow Resources Expansion

In light of the latest positive metallurgical results and historically high prices for the Mt Alexander commodity suite, a number of initiatives are underway to expand the resource potential at Mt Alexander.

Investigators East – massive sulphide lens: a massive sulphide lens has been discovered approximately 350m to the west of the Stricklands Deposit, in an area referred to as Investigators East. Shallow, high-grade intercepts within this massive sulphide lens include Hole MAD32: 9.52m @ 1.16% Ni, 0.42% Cu, 1.1g/t PGEs from 44m – incl. 2.4m @ 3.32% Ni, 1.17% Cu, 985ppm Co and 2.83g/t PGEs from 51.1m.

A review of the drill results is underway to assess if it is sufficient to estimate a resource. Additionally, an ultramafic horizon is interpreted to extend east from the massive sulphide lens towards Stricklands for more than 300m, with potential for significant disseminated sulphides to be present along this horizon.

Cathedrals Deposit – massive sulphide deposit: the Cathedrals Deposit, located approximately 1km east of Stricklands, hosts two zones of mineralisation – an upper zone starting 20m from surface and a lower zone starting around 130m below surface. Extensive fresh nickel-copper sulphides with high grades of nickel, copper, cobalt and PGEs have been intersected in this upper zone, including Hole MARC049: 6m @ 3.33% Ni, 1.52% Cu, 0.11% Co and 1.52g/t PGEs from 60m.

Strong EM conductors at Stricklands: two strong EM conductors – one modelled with conductivity of 22,500 Siemens and the other with 9,825 Siemens – have been identified to the north-west of the main Stricklands Deposit. The conductors are interpreted to represent massive sulphides and will be tested by drilling that's expected to start in late March.

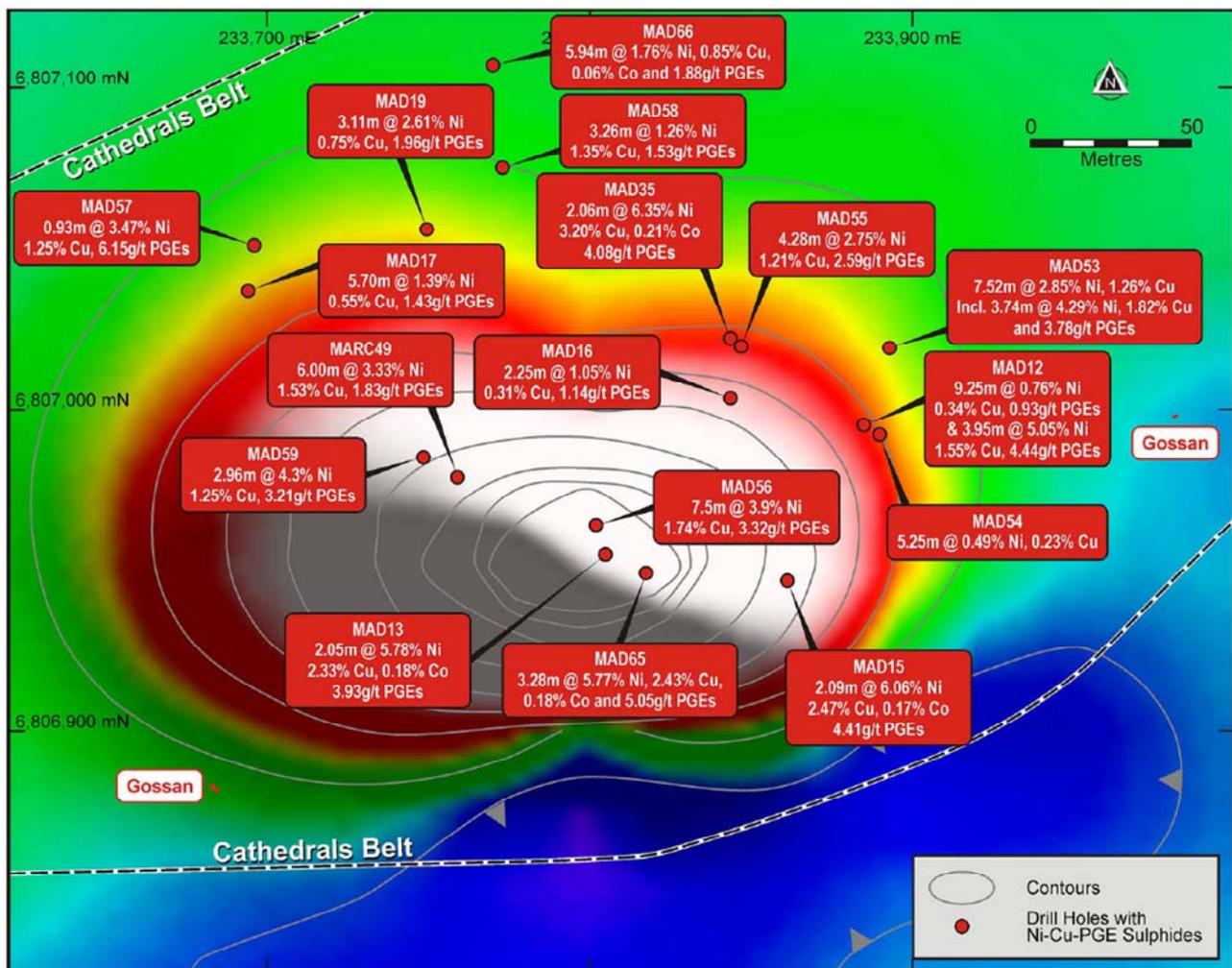


Figure 2: Plan view map of the Cathedrals Deposit showing drilling with widespread mineralised intercepts (over EM anomaly).

Key Management Appointment

SGQ has also advised of an important management update, with the appointment of highly experienced mining executive, Julian Hanna, as General Manager, Growth and Development.

Mr Hanna is very well regarded in the resources industry, boasting more than 35 years' experience across a wide range of activities - including exploration, development, mining and corporate growth. He was co-founder and managing director of highly successful nickel miner, Western Areas Limited (ASX: WSA), from 2000 to 2012, during which time Western Areas grew from a \$6m IPO to Australia's No. 1 independent nickel sulphide producer through the discovery and development of the high-grade Flying Fox and Spotted Quoll nickel sulphide deposits in Western Australia. During 2013, Mr Hanna joined copper explorer MOD Resources as Managing Director and drove exploration success across the company's tenement area with the Kalahari Copper Belt in Botswana. MOD was acquired by Sandfire Resources (ASX: SFR) for \$167 million in 2019.

Mr Hanna's appointment coincides with SGQ's release of the outcomes of metallurgical test-work completed on mixed massive and disseminated "life-of-mine" sulphide ore from its Stricklands deposit at Mt Alexander.

Project Overview

The Mt Alexander Project is located 120km south-southwest of the Agnew-Wiluna Belt, which hosts numerous world-class nickel deposits. The Project comprises six granted exploration licences – E29/638, E29/548, E29/962, E29/954, E29/972 and E29/1041 – which are a contiguous package. A seventh granted exploration licence – E29/1093 – is located to the south-east of the core tenement package.

The Cathedrals, Stricklands, Investigators and Radar nickel-copper-cobalt-PGE discoveries are located within E29/638, which is held in joint venture by St George (75%) and Western Areas (25%). SGQ is the Manager of the Project, with SWA retaining a 25% non-contributing interest in the Project (in regard to E29/638 only) until there is a decision to mine. All other project tenements are owned 100% by SGQ.

BHP Billiton Nickel West made the first discovery of high grade nickel-copper sulphides at Mt Alexander, with drill-hole MAD12 that intersected 3.95m @ 5.05%Ni, 1.55%Cu, 0.11%Co and 4.44g/t total PGEs from 91.4m. SGQ has continued this exploration success with further shallow high-grade discoveries at the Stricklands, Investigators and Radar prospects.

The project's location near the world-class nickel sulphide mines in the Agnew-Wiluna belt provides SGQe with access to existing roads and infrastructure, as well as opportunities to utilise existing processing plants. This is even more significant given BHP's recent enhanced focus on its Western Australian nickel division (NickelWest). BHP last year implemented a nickel supply agreement with Tesla under which the electric car maker will source much of its requirements of the key battery mineral from BHP's Nickel West operation. BHP will also add a concentrator at its Mount Keith processing plant to increase capacity by up to 50% cent to 15 million tonnes per annum.

BHP has also lifted its resource base through the acquisition of the Honeymoon Well project and is constructing a new underground mine. The company has agreed to build two solar farms and a battery storage system near the Mt Keith and Leinster operations in WA to reduce its emissions there.

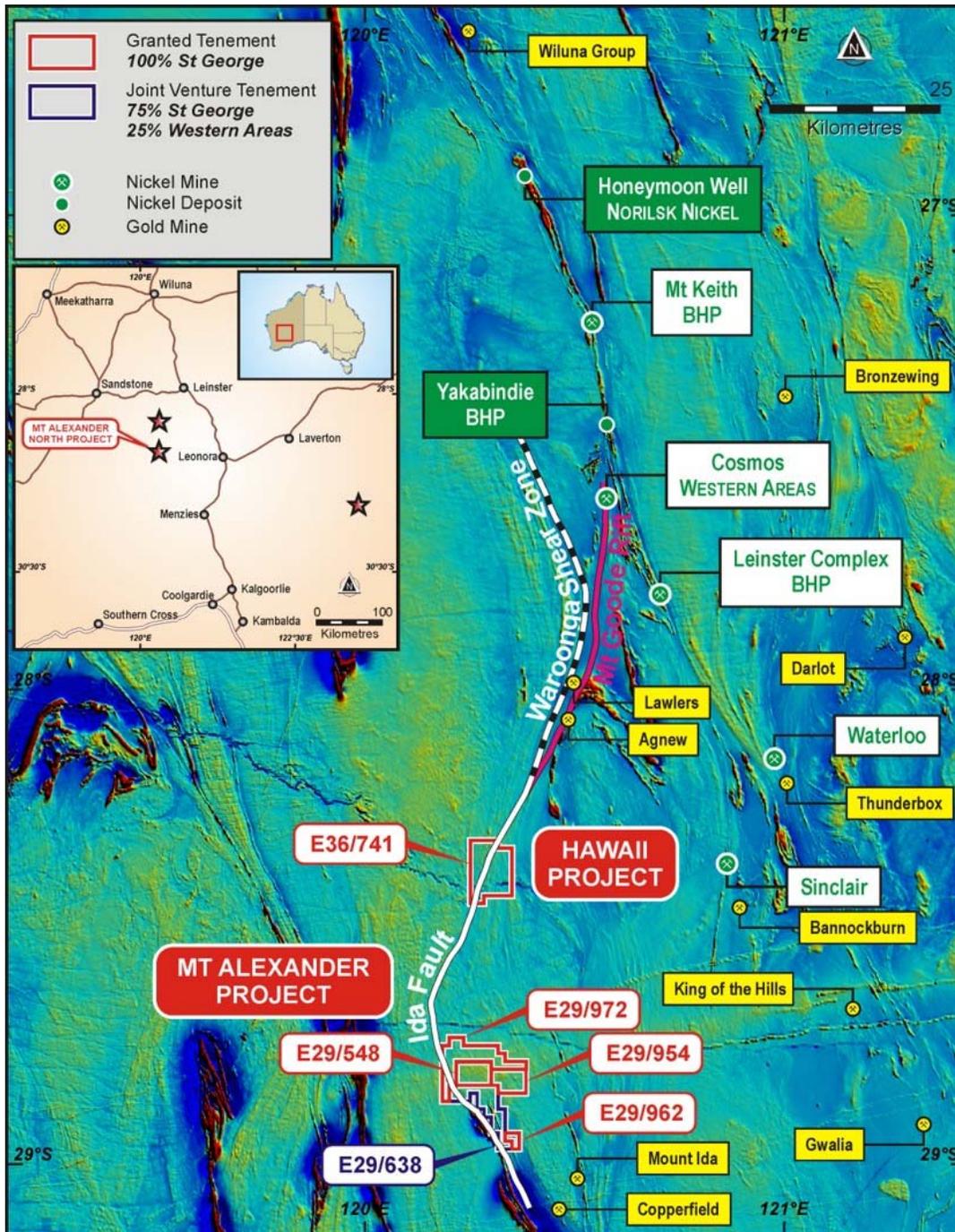


Figure 3: Mt Alexander project location.

Nickel Market Update

Nickel has this week suffered from an extreme short squeeze, which has driven global nickel prices sharply higher.

Nickel rocketed above \$100,000 a ton on Tuesday before the London Metal Exchange (LME) suspended the market and canceled all trades that took place during Asian hours. Nickel has been rising for weeks on fears of disruptions to supplies from Russia, the largest exporter of refined nickel. The rally intensified this week, with prices on the LME surging as much as 250% in little more than 24 hours, as traders with short positions rushed to cover their bets.

Nickel Slumps

SHFE contracts drop, widening the discount to sky-high London prices



Source: LME, SHFE

Bloomberg

Summary

SGQ has significantly underperformed its nickel sector peers over recent years, with the market perhaps demanding a clearer and more accelerated picture of the pathway to commerciality for its Mt Alexander project. Encouragingly, the latest metallurgical test-work results are an important milestone in terms of what the market has been looking for. These results, supported by a flowsheet for potential commercial production, are an important milestone for the starter mine concept at Mt Alexander. The market has given it the thumbs-up, with SGQ closing up 23% to \$0.059. The appointment of the widely respected, Julian Hanna, is also an important step in terms of boosting the company's production credentials. SGQ remains within our coverage Portfolio.

Disclaimer: Gavin Wendt, who is a director of Mine Life Pty Ltd ACN 140 028 799, compiled this document. It does not constitute investment advice. I wrote this article myself, it expresses my own opinions and I am not receiving compensation for it. In preparing this article, no account was taken of the investment objectives, financial situation and particular needs of any particular person. Investors need to consider, with or without the assistance of a securities adviser, whether the information is appropriate in light of the particular investment needs, objectives and financial circumstances of the investor. Although the information contained in this publication has been obtained from sources considered and believed to be both reliable and accurate, no responsibility is accepted for any opinion expressed or for any error or omission in that information. I have no positions in the stock mentioned and no plans to initiate any positions within the next 72 hours.