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Gold & Nickel Drilling Underway – Portfolio Stock (coverage initiated @ \$0.175 in May 2016)

St George Mining (ASX: SGQ, Share Price: \$0.15, Market Cap: \$38m) has attracted solid market interest since initial exploration drilling on its Mt Alexander project in Western Australia in 2016. Drilling is taking place at three key prospect areas - Cathedrals, Stricklands and Investigators - where encouraging massive nickel-copper sulphide hits have been achieved, and further EM targets are being generated.

St George has advised the commencement of its 2017 drilling program at its Mt Alexander project targeting nickel-copper sulphides, with Phase 1 comprising 19 diamond holes for 3,000 metres. The 2017 drilling program at its East Laverton gold project will also kick off later this month.



Market Significance

St George's share price hit 12-month highs around \$0.25 during 2016 on the back of encouraging diamond drilling results at Mt Alexander that identified multiple intersections of massive sulphides hosting nickel-copper mineralisation at very shallow depths over a strike length of 3.5km. This suggests an under-explored mineralised system, with recent aeromagnetic surveying continuing to identify additional magnetic trends parallel to known mineralised ultramafics. There is naturally strong market interest as the company kicks off its 2017 drilling program, designed to follow up these significant occurrences.

Announcements Details - Mt Alexander & East Laverton Updates

St George Mining has this week released two important announcements relating to the commencement of drilling activity on its two key Western Australian project areas - Mt Alexander nickel and East Laverton gold - with both programs kicking off during March.

Mt Alexander – Drilling Underway

The company has commenced its 2017 drilling campaign, with Phase 1 of the program comprising 19 drill-holes for around 3,000 metres. Further drilling could be undertaken subject to the review of drill results and DHEM surveys in the completed holes. The drilling will test targets at the Cathedrals, Stricklands and Investigators Prospects – with the first drilling taking place at Investigators (below).

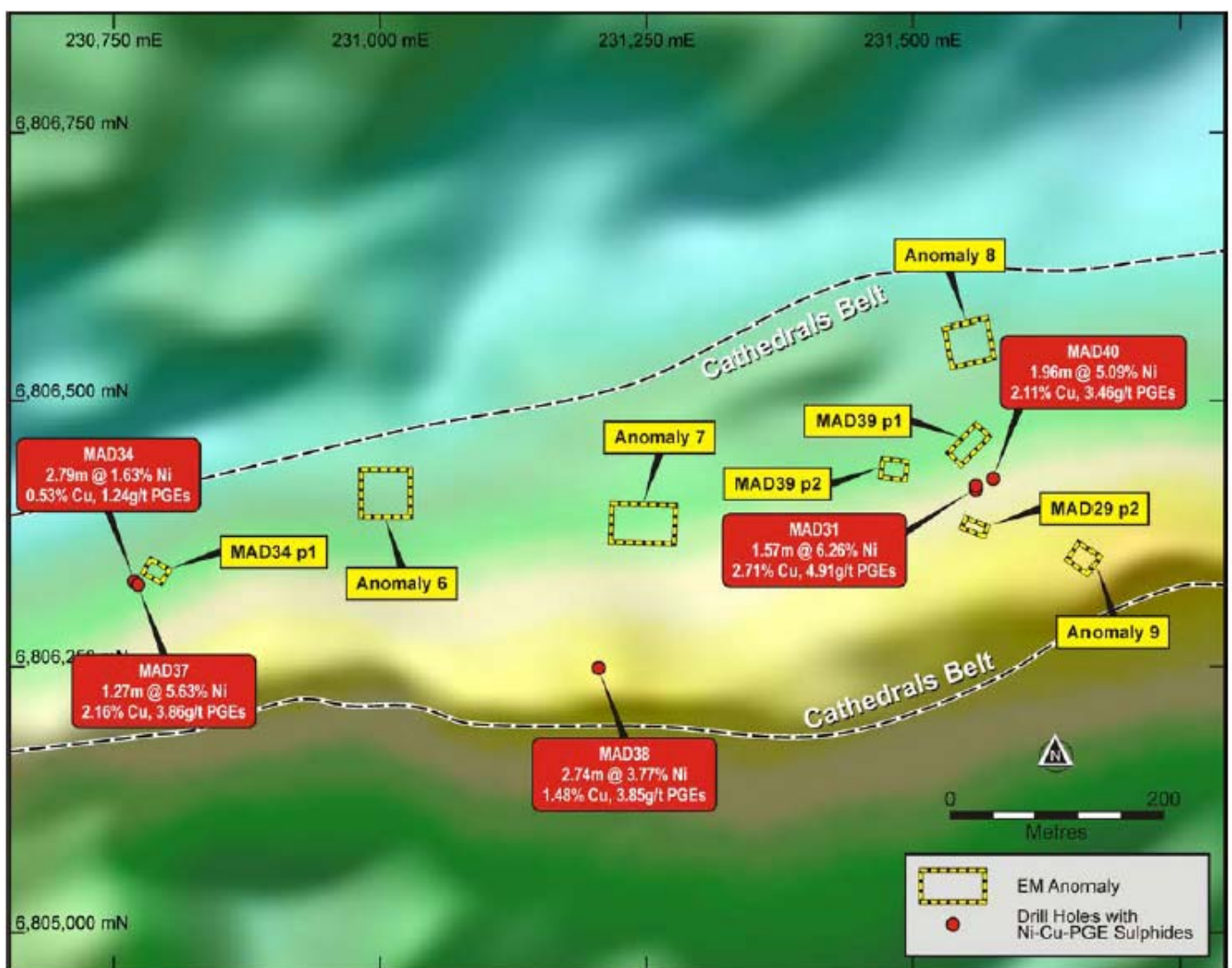


Figure 1: A plan view of the central area of the Investigators Prospect showing drill holes with massive nickel-copper sulphides. The eight untested EM plates to be drilled in the current drill programme have been modelled from SAMSON EM conductors or off-hole DHEM conductors

The first targets to be drilled will be the new SAMSON EM conductors at Investigators, identified from the recent high-powered surface SAMSON EM survey completed across the Cathedrals Belt. These EM

conductors are located at depths not previously explored, with the EM plates modelled by Newexco from these conductors having dimensions that are larger than plates drilled by St George during 2016.

The first hole to be completed will test the new SAMSON Anomaly 7. This strong conductor is modelled with conductivity of 15,000 Siemens at 200 metres below surface.

In all, eight drill-holes are planned at the Investigators Prospect to test eight separate targets. Four targets are new EM conductors identified by the recent fixed loop EM (FLEM) SAMSON survey. Three of the four new EM conductors are at depths greater than 200 metres and were not detected by previous reconnaissance MLEM surveys. The remaining four targets are DHEM plates. These have been modelled from strong off-hole DHEM responses detected from surveys during 2016 drill holes at Investigators.

Technical Significance

High-grade nickel-copper-PGE sulphides were first discovered at the Mt Alexander Project by BHP Billiton Nickel West back in 2008, when initial drilling was completed at the Cathedrals prospect to test co-incident EM and magnetic anomalies associated with nickel-PGE enriched gossans.

Some of the best intersections from this drilling included:

- MAD12: **3.95 metres @ 5.05% Ni, 1.55% Cu, 0.11% Co and 4.44g/t total PGEs** from 91.4 metres depth - with a thick halo of stringer and disseminated sulphide mineralisation comprising 9.25 metres @ 0.76% Ni, 0.34% Cu, 0.03% Co and 0.93g/t total PGEs from 81.5 metres
- MAD13: **2.05 metres @ 5.78% Ni, 2.33% Cu, 0.18% Co and 3.93g/t total PGEs** from 56.3 metres - with a thick halo of stringer and disseminated sulphide mineralisation comprising 9.75 metres @ 0.34% Ni, 0.11% Cu, 0.01% Co and 0.3g/t total PGEs from 47.5 metres depth

Follow-up drilling by St George at the Cathedrals prospect during 2016 resulted in multiple intersections of further massive sulphide mineralisation.

Extensive Nickel-Copper Sulphide System

Detailed field mapping on a scale of 1:1,000 was recently completed over the Cathedrals Belt to assist with geological modelling and provide further understanding of the unique geological setting.

A number of important geological features were observed that provide further support for an extensive nickel-copper sulphide system at Mt Alexander.

In addition to providing detailed lithological and structural data, the mapping identified numerous sub-crops of gossans which tested up to 2.9% Ni and 0.9% Cu with portable XRF analysis.

A number of important similarities have been observed between the ultramafic-hosted nickel-copper sulphide mineralisation within the Cathedrals Belt and the Raglan nickel-copper sulphide deposits in Canada. Knowledge from the Raglan deposits may aid ongoing exploration in the Cathedrals Belt.

East Laverton Gold – Drilling Shortly

The company is about to commence the 2017 exploration program at its 100%-owned East Laverton Project in Western Australia.

The 2016 gold drilling program was focused on the Ascalon and Bristol gold prospects and was successful in identifying the potential for gold mineralisation within and around these prospects, in turn generating robust targets for follow-up drilling in 2017.

The company engaged Dr Walter Witt (who has more than 40 years' experience in exploration and is recognised as a leading expert on gold mineralisation and targeting in the Yilgarn Craton of Western Australia) to review both the broader gold potential at East Laverton and to complete detailed assessments of the numerous gold targets within the project. His technical review has confirmed the strong gold potential at East Laverton and helped prioritise the multiple exploration targets for the 2017 exploration program.

An RC drilling program will commence at East Laverton later this month and will initially focus on the highest-rated targets in the Stella Range Belt, comprising Desert Dragon, Cambridge and Cambridge North.

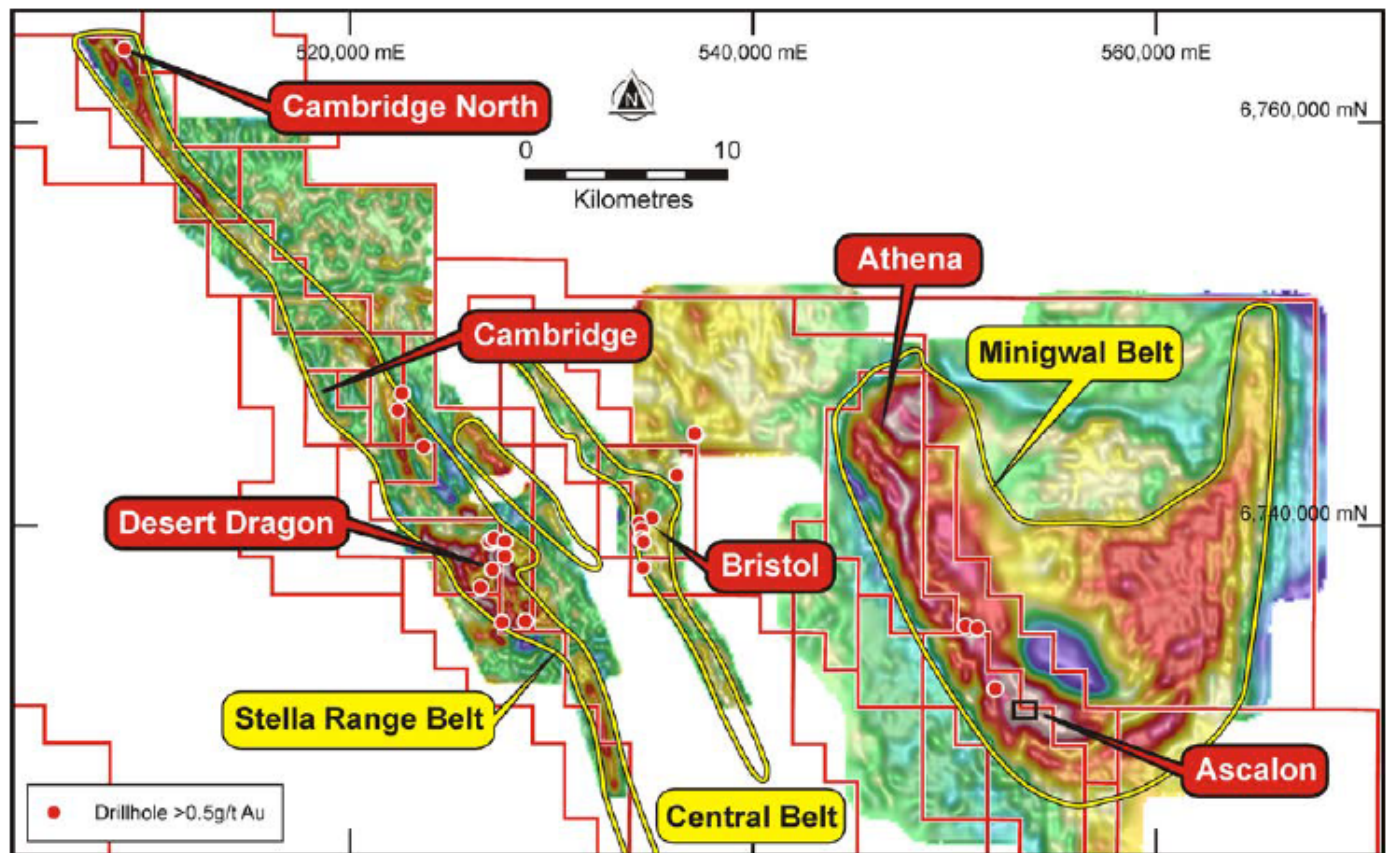


Figure 2: The East Laverton tenements against FVD Bouguer gravity data with priority gold prospects highlighted

Technical Significance

The company's East Laverton Project is located within the eastern margin of the North Eastern Goldfields of Western Australia. It is surrounded by major gold mines, with the +8M oz Tropicana deposit to the east, the +6M oz Gruyere deposit to the north and the world-class Laverton goldfield to the northwest. The strong history of gold discoveries and favourable regional setting underlines the gold potential for the under-explored East Laverton Project to also host economic gold deposits.

Summary

We initiated coverage of St George Mining at a price around \$0.175 during April 2016.

The Mt Alexander drilling results so far are as good as could reasonably be expected at what is still a very early stage of exploration.

Drilling at Cathedrals has already intersected massive nickel-copper-PGE mineralisation and the latest EM data indicates that there are more conductive areas at this prospect that are yet to be tested. There is a strong likelihood of increasing the volume and continuity of the high-grade mineralisation at Cathedrals.

Furthermore, the latest SAMSON FLEM survey results have identified significant upside potential - identifying multiple new EM anomalies consistent with massive nickel-copper sulphide mineralisation and proving the mineralisation to be more extensive than previously thought.

There will naturally be strong interest in the just-commenced drilling program at Mt Alexander, along with drilling at the company's East Laverton gold project that will commence later this month.

Accordingly, St George Mining will remain firmly held within our Portfolio.

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