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New Mt Alexander EM Targets – Portfolio Stock (coverage initiated @ \$0.175 in May 2016)

St George Mining (ASX: SGQ, Share Price: \$0.16, Market Cap: \$40m) attracted solid market interest during 2016 when it initiated exploration drilling on its Mt Alexander project in Western Australia. 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 that a deep-search, fixed-loop electromagnetic (FLEM) SAMSON survey has been completed over the Cathedrals Belt at Mt Alexander, identifying multiple new EM anomalies consistent with massive nickel-copper sulphide mineralisation and proving the mineralisation to be more extensive.



Market Significance

St George's share price hit 12-month highs around \$0.25 during 2016 on the back of encouraging Mt Alexander diamond drilling results that identified multiple intersections of massive sulphides containing nickel-copper mineralisation at very shallow depths at three prospects - Cathedrals, Stricklands and Investigators - over a strike length of 3.5km, suggesting an under-explored mineralised system. New aeromagnetic surveying is continuing to identify additional magnetic trends parallel to known mineralised ultramafics. I anticipate further share price action once the 2017 drilling campaign commences.

Announcement Detail - Mt Alexander Exploration Update

St George Mining has announced significant results from its FLEM SAMSON survey completed over the Cathedrals Belt within its Mt Alexander Project in Western Australia.

The FLEM SAMSON survey focused on two sections of the Cathedrals Belt - the western section of the Belt where drilling has already discovered massive nickel-copper sulphides at the Investigators, Stricklands and Cathedrals prospects – and a second area comprising the recently-interpreted eastern extension of the Cathedrals Belt that has never been previously explored.

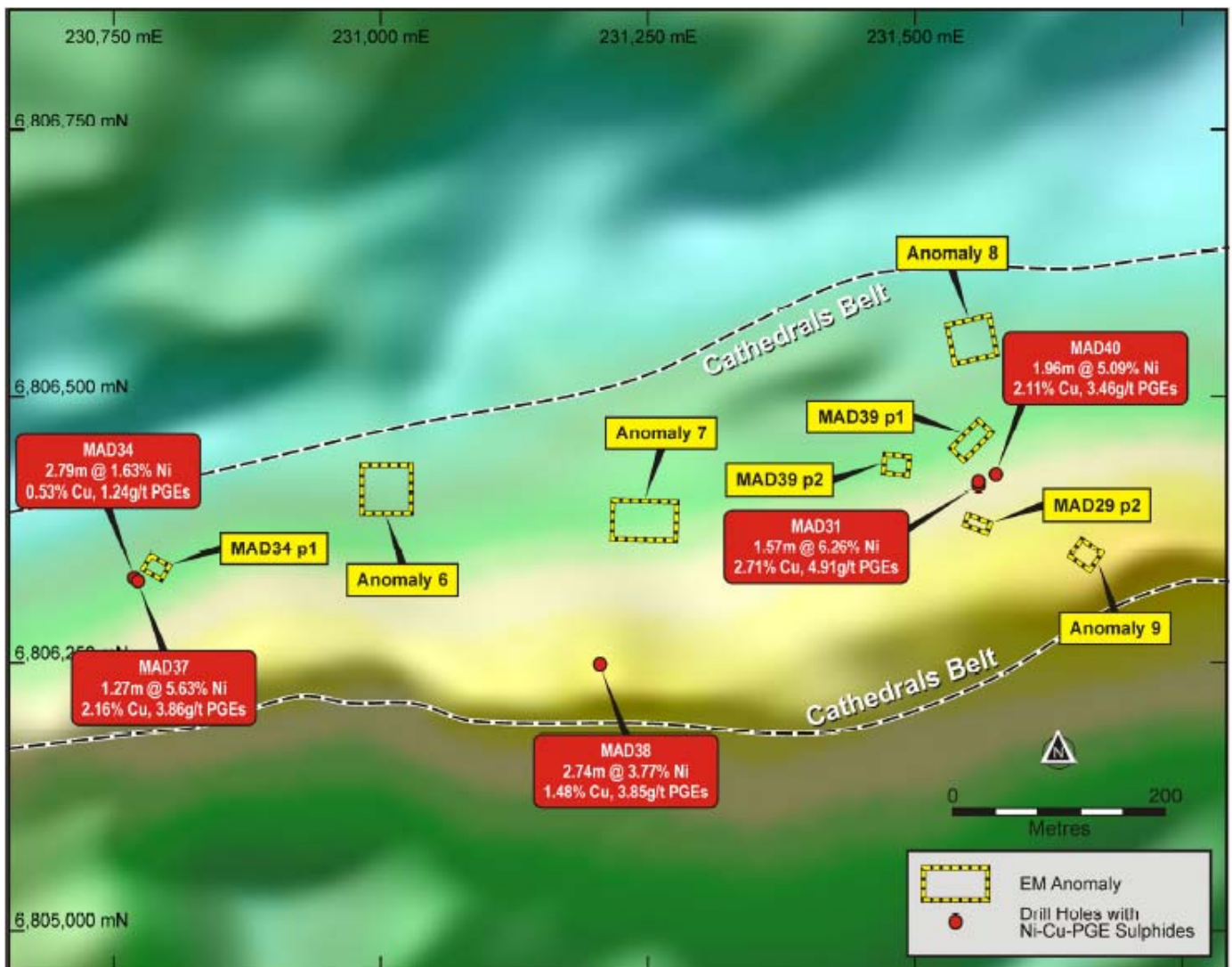


Figure 1: Plan view of the Investigators area showing the location of the eight untested EM conductors, including the new SAMSON conductors, relative to the known high-grade mineralisation. Each of these conductors will be drilled in the upcoming drill programme.

Survey Results

The new SAMSON data has identified four new EM anomalies at Investigators (6, 7, 8 & 9), of which three are at depths greater than 200 metres and were not detected by previous reconnaissance MLEM surveys.

Three of the SAMSON conductors are currently modelled as EM plates that are larger than others previously tested at Investigators. They were previously identified in earlier drill-holes at Investigators, Stricklands and Cathedrals during 2016. The new conductors lie along-strike or down-dip of the known mineralisation and in most cases below the depth of detection of previous MLEM surveys.

Down-hole EM (DHEM) surveys will be completed in the drill-holes that will test these conductors, which will allow more precise modelling of the conductive bodies. The new conductors are believed to have outstanding potential for the discovery of further nickel-copper sulphides within the Cathedrals Belt.

Technical Significance

The EM responses from the SAMSON survey are highly encouraging, reflecting the likelihood of additional high-grade nickel-copper sulphides within the Cathedrals Belt. SAMSON's success in identifying additional conductive bodies within the Cathedrals Belt strongly suggests that nickel-copper sulphide mineralisation is even more extensive than previous EM surveys had indicated.

Next Steps

Additional MLEM surveys are planned between February and April 2017, while drilling is scheduled to commence in early March 2017 to test the new EM conductors. Drilling will also include extensional drilling at some of the areas of known mineralisation. Approximately 2,900 metres of drilling is planned with scope to increase the programme in response to ongoing drilling and EM survey results.

A gravity survey over the northern project area, including the Cathedrals Belt, will also commence this week. The purpose of the gravity survey is to enhance geological interpretation and targeting, including structural interpretation of the Cathedrals Belt. Gravity data can look deeper than airborne magnetics and surface mapping, providing valuable information on major sub-surface geological structures.

At the Cathedrals Belt, granite sheets have intruded the ultramafic sequences and in some areas overlie the ultramafics and prevent accurate mapping of the prospective ultramafics from magnetic and surface mapping alone. It is expected that the gravity will allow more precise identification of the ultramafic units which will assist in targeting for extensions to known nickel-copper sulphides and for targeting new discoveries as well. The gravity survey is being arranged by Newexco, who will also model and interpret the gravity data. The field work is being completed by Atlas Geophysics.

Project Overview

Mt Alexander is located 120km south-southwest of the Agnew-Wiluna belt, which hosts numerous world class nickel deposits. The Cathedrals nickel-copper discovery and the Stricklands prospect are held within a joint venture with Western Areas (ASX: WSA) (25%) and St George (75%). St George is the Manager of the project, with Western Areas retaining a 25% non-contributing interest until there is a decision to mine. Drilling is currently taking place on the company's Cathedrals, Stricklands and Investigators prospects.

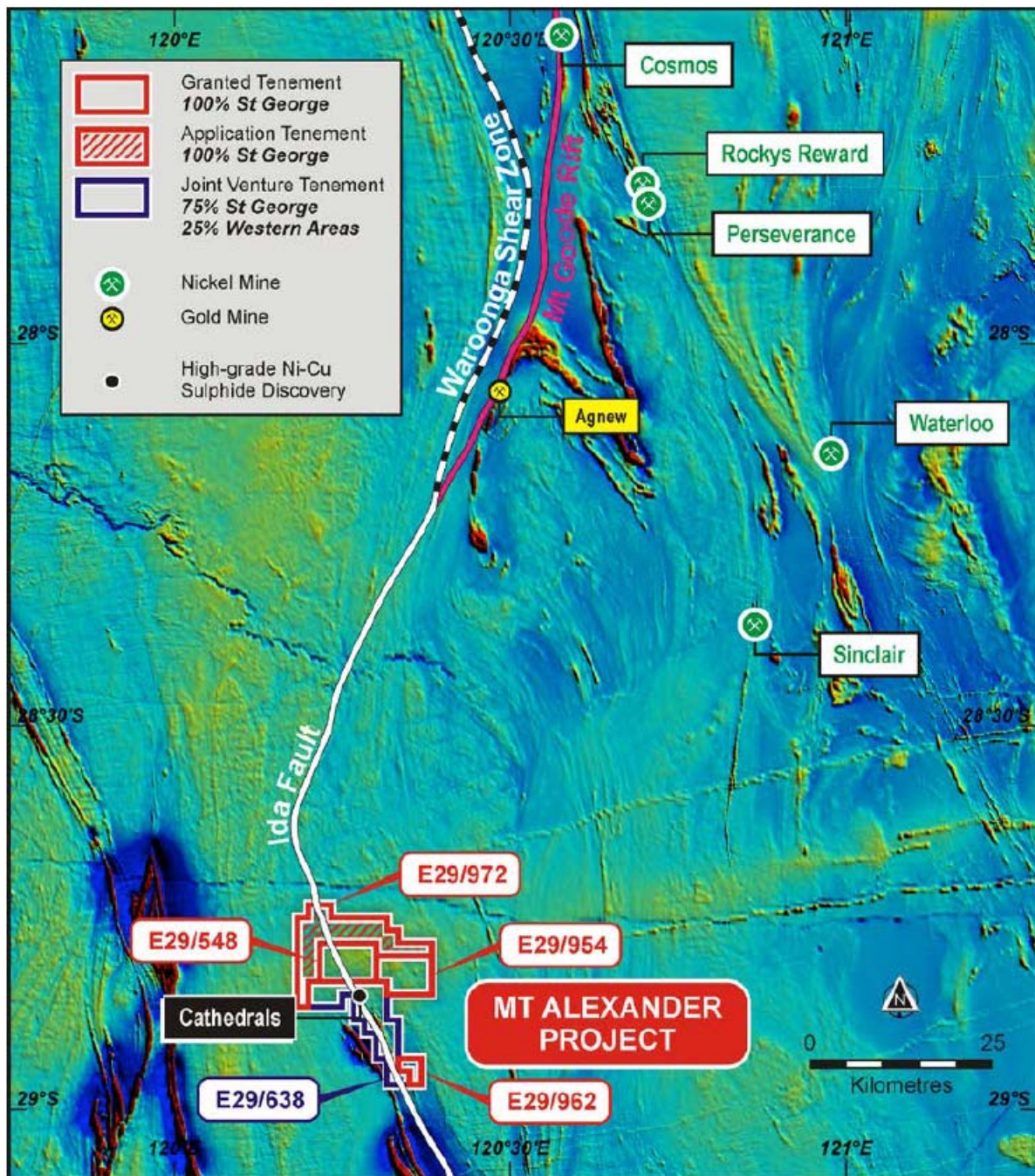


Figure 2: A map (over TMI magnetics) showing the location of Mt Alexander Project to the south-southwest of major nickel projects in the Agnew-Wiluna Belt. E29/954 (100% St George) has recently been granted, significantly expanding the Project area to a total of 174 sq km.

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. 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.

Interestingly, the new SAMSON data has identified four new EM anomalies at Investigators (6, 7, 8 & 9), of which three are at depths greater than 200 metres and were not detected by previous reconnaissance MLEM surveys. Follow-up drilling of these new and existing anomalies commencing during Q1 2017 will be watched with great interest.

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

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