

Flash Note – St. George Mining Limited (ASX: SGQ)

Massive Nickel Sulphides Targeted in Upcoming Mt. Alexander Drilling

- *Drilling imminent on a number of compelling geophysical anomalies targeting nickel sulphide mineralisation at the Mt Alexander Project*
- *Targets are similar in character to those associated with massive nickel/copper/PGE sulphides intersected by BHP Billiton Nickel West at the Cathedrals prospect*

April 12, 2016

EVENTS

- The ongoing Technical Review of the recently acquired Mt. Alexander (E29/638, SGQ 75%, WSA 25%) and Mt Alexander North (E29/548, SGQ 100%) tenements has confirmed the prospectivity for the discovery of economic nickel sulphides:
 - Drilling by BHP Billiton Nickel West (“Nickel West”) targeting coincident electromagnetic (“EM”) and magnetic anomalies at the Cathedrals prospect in 2008 intersected up to 4m grading at 4.9% Ni, 1.7% Cu and 3.9g/t total PGE’s
 - The Technical Review has highlighted undrilled EM and magnetic anomalies with characteristics similar to those at Cathedrals
 - The review indicates that the east-northeast trending Cathedrals Shear Zone (“CSZ”), which hosts the Cathedrals mineralisation) continues for at least 2km to the west of the known mineralisation, and includes compelling geophysical and geological targets
 - The prospectivity of the Western Ultramafics within the Mt. Alexander Greenstone Belt has also been enhanced
 - Target mineralisation is komatiite-hosted massive nickel sulphides, similar to that which hosts a number of world-class nickel deposits in the Yilgarn of Western Australia.
- Drilling is expected to commence on April 18:
 - The 11 hole drill programme will target EM conductors co-incident with magnetic anomalies at the Cathedrals and Stricklands prospects within the CSZ
 - These compelling targets exhibit characteristics similar to successfully drilled anomalies at Cathedrals.
- Further gold drilling at the East Laverton Project expected to commence in mid-May:
 - This will target a number of prospects including the high priority Ascalon target in the Minigwal Greenstone Belt,
 - Recent results from drilling at Oxford, directly north of Ascalon, intersected broad intervals of alteration and copper/gold anomalism that may be part of a larger mineralised system.
- Well respected Perth mining identity, Mr. Terry Streeter, founder and former Chairman of nickel miner Western Areas, has taken a major holding in St. George.

BREAKAWAY COMMENTS

Upcoming drilling at Mt. Alexander promises to be very interesting, with a number of compelling geophysical and geological targets to be tested in the planned 11 hole programme on the WSA JV tenement. The prospectivity has been supported by the results of an ongoing Technical Review, which has been undertaken in association with Dr Martin Gole, a global nickel expert with extensive experience in the komatiite-hosted nickel sulphide deposits of Western Australia.

A key to the EM anomalies to be tested in this initial programme is that they have a similar character, including conductivity and an association with magnetic anomalies, to those previously drilled at Cathedrals immediately along strike, where every drill hole that tested an EM anomaly intersected massive nickel-copper sulphide mineralisation.

Cathedrals is located within the east-northeast trending CSZ, which is interpreted to continue ~2km to the west of Cathedrals, and which may represent a late strike slip fault, with ultramafics being displaced along the structure. Immediately to the west of Cathedrals is the Stricklands prospect, which hosts a number of the targets to be tested – the others are at Cathedrals itself, adjacent to and below existing drilling.

The Company is also undertaking MLEM surveys over the Investigators prospect to the west of Stricklands, and the New Target area to the north of Cathedrals, the latter prospect largely within the 100% held E29/548. Investigators is an area that has had no previous drilling or EM surveys, however is located along the interpreted CSZ and thus is a priority area for exploration. EM surveying by Nickel West in 2014 identified five discrete EM anomalies at the New Target area – the current MLEM programme is being used to further define these bedrock conductors (which have conductivities similar to those at Cathedrals, indicating potential massive sulphides) ahead of a second drilling programme later in the year.

It is interpreted that the ultramafics at Cathedrals were originally part of the underexplored Western Ultramafics sequence to the south, which occur over a strike length of 7km in E29/638, with wide spaced historic drilling intersecting nickel sulphides and channel flow rocks. This, along with the demonstrated presence of massive sulphides at Cathedrals highlights the prospectivity of the Western Ultramafics (and the project) as a whole.

Summary

We look forward to the upcoming drilling at Mt. Alexander, which in our view has a good chance of success in intersecting high grade massive sulphide mineralisation. The results to date of the ongoing Technical Review highlight the prospectivity of the Project as a whole, and reinforces the quality of St. George's overall exploration portfolio, which includes amongst others, the East Laverton Project, where follow up drilling is expected in May. The quality of the Company and its projects is also confirmed by Mr. Streeter's investment.

Given the above we continue to rate SGQ as a Speculative Buy.

Company Information

ASX Code	SGQ
Share Price	A\$0.089
MCAP	A\$17.0m
Cash and liquid assets	A\$3.0m (est)
Debt	A\$0.0m
EV	A\$14.0m

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Analyst Verification

We, Grant Craighead and Mark Gordon, as the Research Analysts, hereby certify that the views expressed in this research accurately reflect our personal views about the subject securities or issuers and no part of analyst compensation is directly or indirectly related to the inclusion of specific recommendations or views in this research.

Disclosure

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