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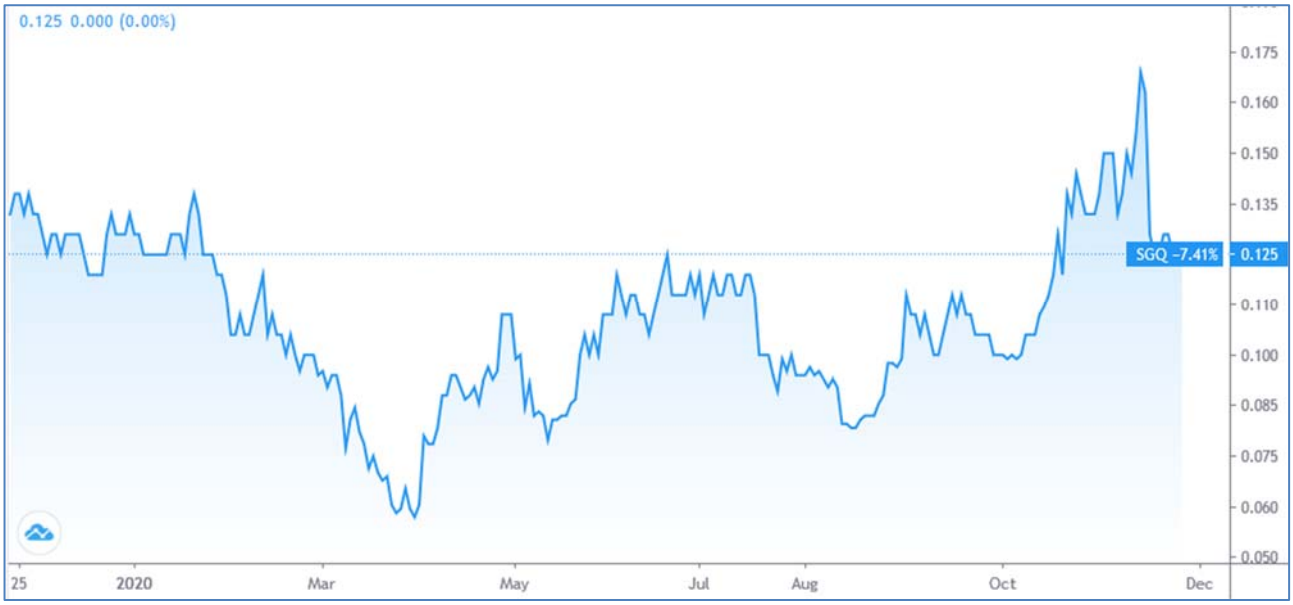
RESOURCE BULLETIN by Gavin Wendt

Wednesday 25th November, 2020

Portfolio Stock Developments

St George Mining - (ASX: SGQ, Share Price: $0.125, Market Cap: $63m, coverage initiated @ $0.175 in May 2016)



Key Catalyst

Drill-hole MAD192 has intersected a 30m thick mafic-ultramafic unit from 440.5m downhole – a rock type known to host massive sulphide deposits in other parts of the Cathedrals Belt.

SGQ has figured prominently in our coverage universe since initiation in May 2016, based on the company's strongly commitment to regional exploration at 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, is more akin to an intrusive mineral system – like Raglan, Voiseys Bay and Norilsk - rather than typical Kambalda-style extrusive deposits. The company is looking to recapture some of the sharemarket momentum that has been lost since August 2019, when the stock traded intra-day as high as $0.255. SGQ is currently in the midst of a 13,000-metre diamond/RC drilling program at its Mt Alexander project.

Latest Activity

Mt Alexander Exploration Update

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

Overview

Diamond drill-hole MAD192 was completed to a downhole depth of 500m in order to test a conductor plate modelled with conductivity of 49,000 Siemens – being the modelled plate for one of two very strong conductors identified from the DHEM survey in prior hole MAD184.

Hole MAD192 intersected a 30m thick mafic-ultramafic unit from 440.5m downhole – however it did not intersect any conductive material that could account for the 49,000 Siemens EM conductor, which is the deepest conductor detected so far along the Cathedrals Belt.

Accordingly, a DHEM survey will be completed in MAD192 to provide additional data from which the location and geometry of the powerful conductor can be reviewed, and a further target plate modelled for drill testing.

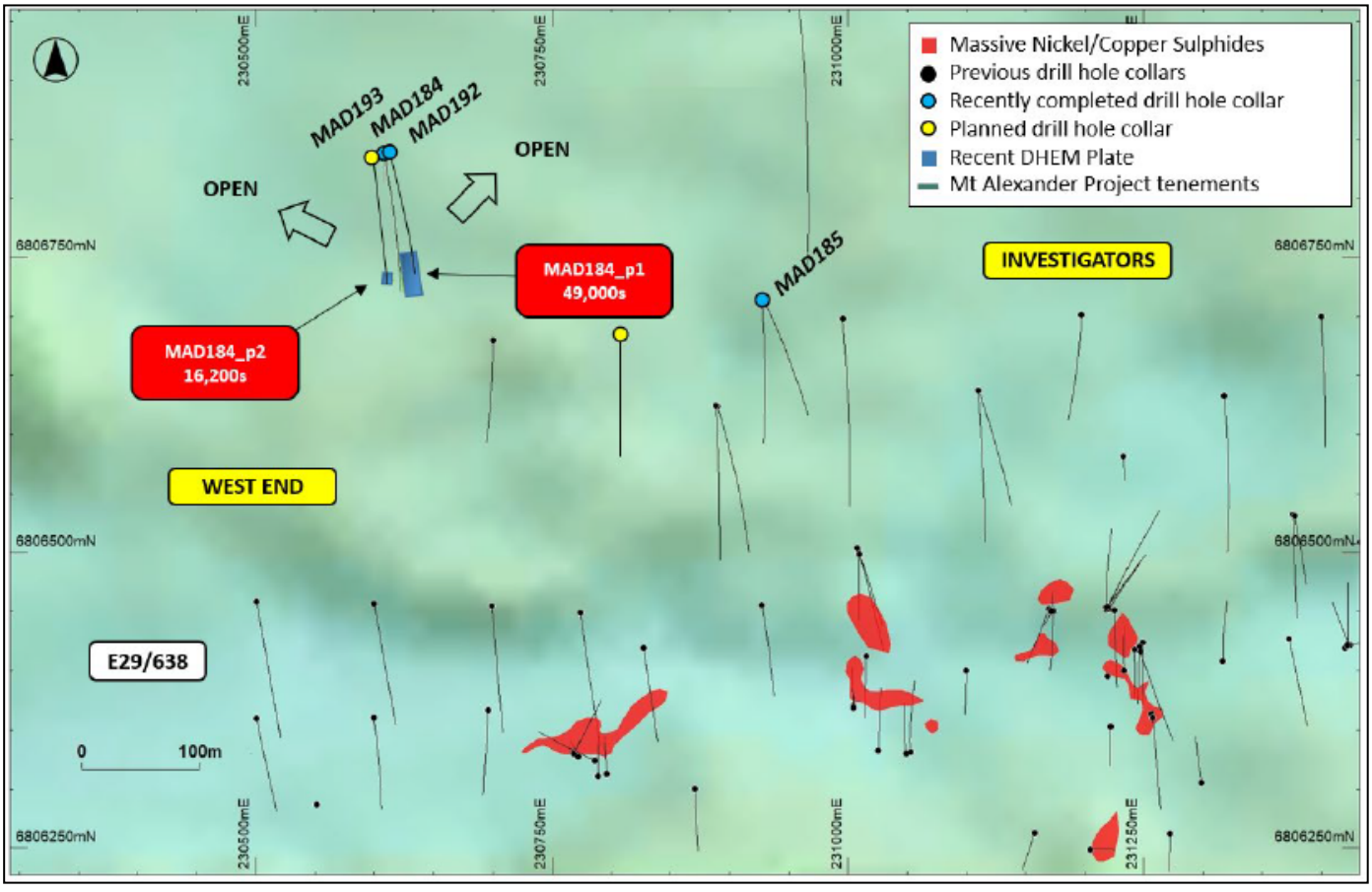


Figure 1: Plan view of the western part of the Cathedrals Belt (against TMI RTP 1VD) showing the new EM conductors at the West End Prospect as well as massive nickel-copper sulphides already discovered.

Details

A 30m thick mafic-ultramafic unit from 440.5m downhole has been intersected by hole MAD192 at the West End Prospect. The interval includes a 6m thick ultramafic with disseminated nickel-copper sulphides from 465.5m downhole.

MAD192 pierced the target modelled plate for the 49,000 Siemens EM conductor identified from the downhole EM (DHEM) survey in MAD184 but did not intersect any conductive material that could explain the very strong conductor. The 49,000 Siemens EM conductor therefore remains untested and represents a significant exploration opportunity.

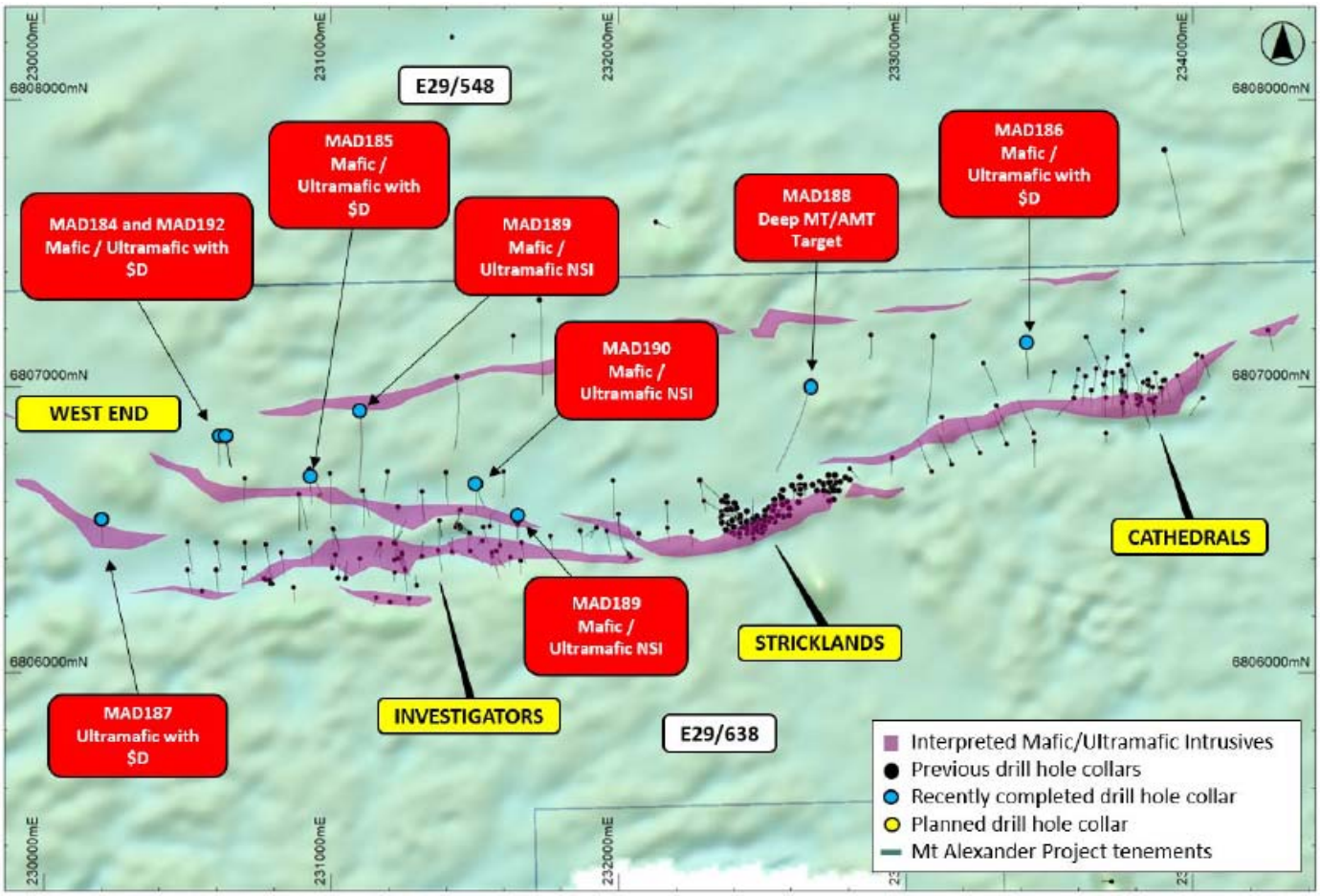


Figure 2: Plan view of the Cathedrals Belt showing areas of recently completed and planned drilling, overlaying interpreted geology and magnetics (TMI RTP 1VD).

Technical Significance

The two new conductors are located within the West End Prospect, which covers the underexplored western extension of the Cathedrals Belt. They are located more than 800m to the west of previously intersected massive sulphides on the Cathedrals Belt and are the deepest conductors ever identified in the Cathedrals Belt. These powerful EM conductors have an electrical signature consistent with massive sulphides and offer an excellent opportunity to discover new nickel-copper sulphide deposits in the underexplored western extension of the Cathedrals Belt.

The intersection in MAD192 of a thick mafic-ultramafic unit with basal nickel-copper sulphides in the vicinity of the modelled plate is highly encouraging. These types of intrusive rocks are known to host massive sulphide deposits in other parts of the Cathedrals Belt. The intrusive unit included a 6m interval of disseminated sulphides, which is a potential indicator of massive sulphides nearby.

The discovery of massive sulphides at this location would represent a new discovery that could extend the strike of mineralisation across the Cathedrals Belt to more than 6.3km.

A DHEM survey is being on MAD192 to acquire additional data and revise the modelling for the target conductor. The mineralised mafic-ultramafic unit intersected by MAD192 has not been structurally modified – it is preserved, which supports the potential for the presence of nickel-copper sulphide deposits that are intact and unaltered.

Next Steps

Hole MAD193 is currently being drilled to test the 16,200 Siemens EM conductor (the second conductor) identified from the DHEM survey in prior hole MAD184.

Project Overview

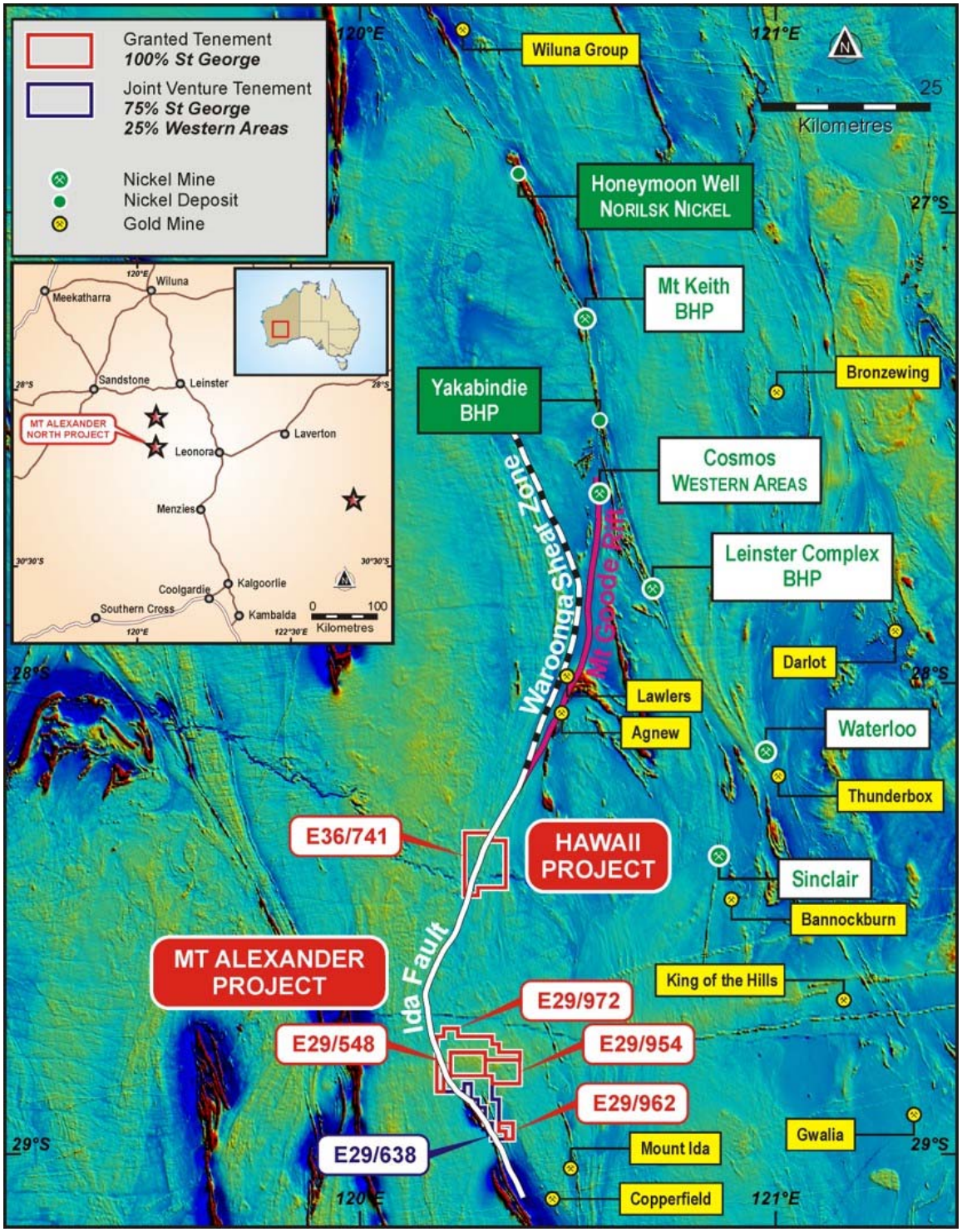
The Mt Alexander Project is located 120km south-southwest of the Agnew-Wiluna belt, which hosts numerous world class nickel deposits. The project comprises five granted exploration licences – E29/638, E29/548, E29/962, E29/954 and E29/972.

The Cathedrals, Stricklands and Investigators nickel-copper discoveries are located on E29/638, which is held in joint venture by Western Areas (ASX: WSA) (25%) and SGQ (75%). SGQ is the Manager of the Project, with WSA retaining a 25% non-contributing project interest in E29/638 only until there is a decision to mine. The other four granted exploration licences 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 - with the strike of mineralisation in the Cathedrals Belt now extended to more than 5.5km.

Preliminary metallurgical test-work has confirmed that Mt Alexander will produce a high-value saleable concentrate that will be sought after by smelters. Grades achieved in this test were 18% nickel and 32% copper, together with high values for cobalt and PGEs that will provide valuable smelter credits. The PGEs included 9g/t Palladium and 1.2g/t Rhodium.



Summary

The location of the Mt Alexander Project near the world-class nickel sulphide mines in the Agnew-Wiluna belt provides SGQ with access to existing roads and infrastructure, as well as opportunities to utilise existing processing plants.

With multiple intersections of high grade nickel-copper sulphides over a broad area and favourable project economics, Mt Alexander is emerging as a major new nickel sulphide camp in Western Australia. SGQ remains held within our coverage Portfolio.

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