

Monday 6th March, 2017

Mt Alexander Exploration Update – Portfolio Stock (coverage initiated @ \$0.175 in May 2016)

St George Mining (ASX: SGQ, Share Price: \$0.14, Market Cap: \$35m) attracted solid market interest since it initiated 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 that a large MLEM survey is underway at its Mt Alexander Project to further explore three priority target areas, whilst six new electromagnetic EM plates and extensions to known high-grade nickel-copper-PGE mineralisation have been targeted for immediate follow-up drill-testing.



Market Significance

St George's share price hit 12-month highs around \$0.25 during 2016 on the back of initial encouraging Mt Alexander diamond drilling results that identified multiple intersections of massive sulphides containing nickel-copper mineralisation. This occurred 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, with aggressive drilling activity to follow up these significant occurrences.

Announcement Detail - Mt Alexander Exploration Update

St George Mining has announced two important exploration updates with respect to ongoing activity on its Mt Alexander Project in Western Australia.

1. Drill Targets

St George has announced additional priority targets for the upcoming drilling program at Mt Alexander, with six electromagnetic (EM) plates modelled at the Cathedrals prospect from down-hole EM (DHEM) survey data. These EM plates have been modelled from either off-hole or on-hole DHEM responses.

To date, eight EM plates have been drilled at the Cathedrals prospect, with all confirmed as nickel-copper-PGE mineralisation. Most of these plates have only been tested by one drill-hole and the extent of the mineralisation remains open.

Drill-hole MAD12, which is located at the eastern section of the Cathedrals prospect, was drilled by BHP Billiton Nickel West during 2008 and is still one of the best intersections at the Mt Alexander Project to date. The drill-hole intersected a highly-mineralised section of ultramafic that was faulted off from the main Cathedrals – with the mineralisation associated with a 38-metre x 22-metre DHEM plate, with mineralisation open both along-strike and down-dip.

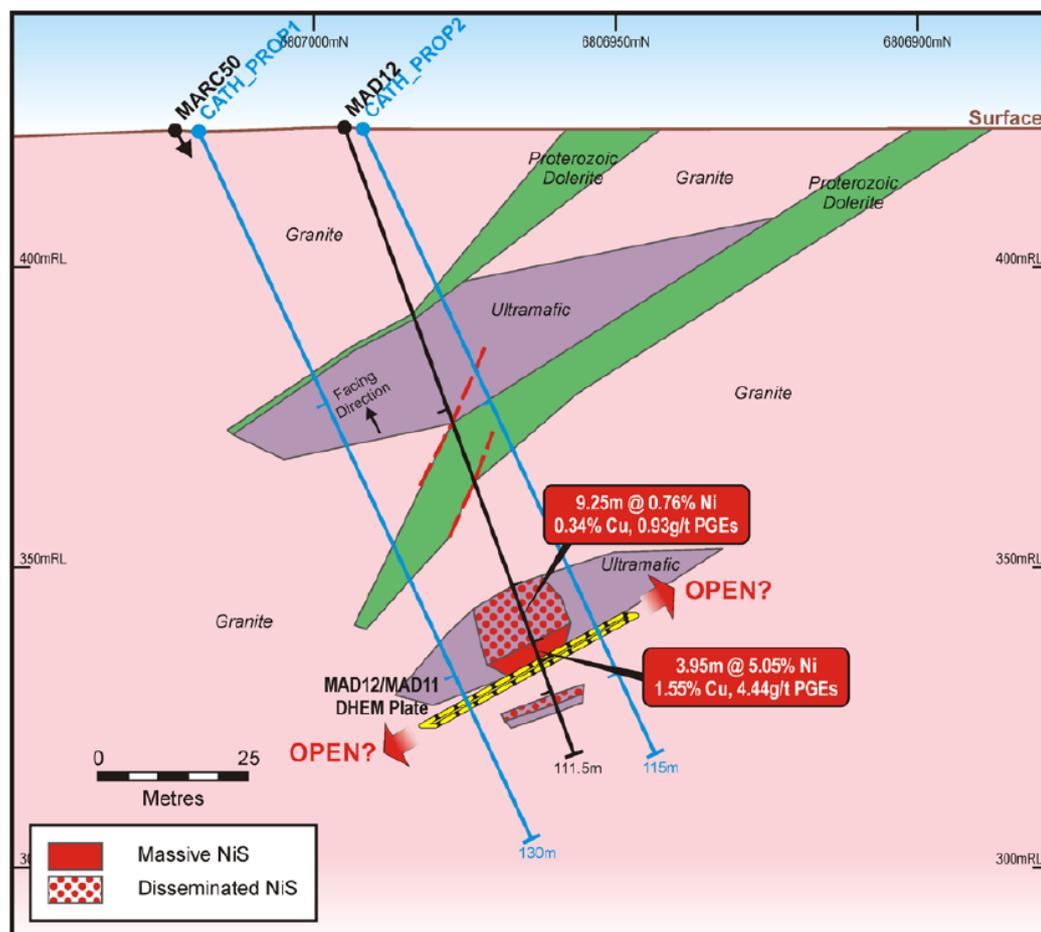


Figure 1: A cross-section of the MAD12 drill section (looking east) showing significant intersections and interpreted geology.

Technical Significance

The six EM plates to be drilled during the upcoming program provide an excellent opportunity to discover further mineralisation that could significantly extend the existing mineralisation at Cathedrals.

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.

All of the upcoming drill targets, as well as all existing intersections of nickel-copper-PGE mineralisation, are located within a large 200-metre x 130-metre EM anomaly confirmed by the recent FLEM SAMSON survey (refer to our previous coverage on 15th February 2017).

Next Steps

Two planned drill holes will test for extensions north and south of the mineralisation on the eastern section of the Cathedrals prospect, including at depth; whilst on the western side one drill-hole will test for mineralisation and an associated off-hole DHEM plate, as well as the northern extent of the Cathedrals ultramafic

These new targets at the Cathedrals prospect are in addition to the previously announced drill targets at the Investigators and Stricklands prospects. A total of 19 holes will therefore be drilled within the Cathedrals Belt during the upcoming work program, with the potential for more holes as drilling results are assessed.

2. EM Surveying

St George has also commenced a large MLEM survey at Mt Alexander to further explore three priority target areas. These prospective areas have been identified from the high-resolution magnetic data produced by the recently completed airborne magnetic survey. This new detailed data has recognised prominent features in the magnetics at Mt Alexander that have never been explored for nickel-copper-PGE sulphides.

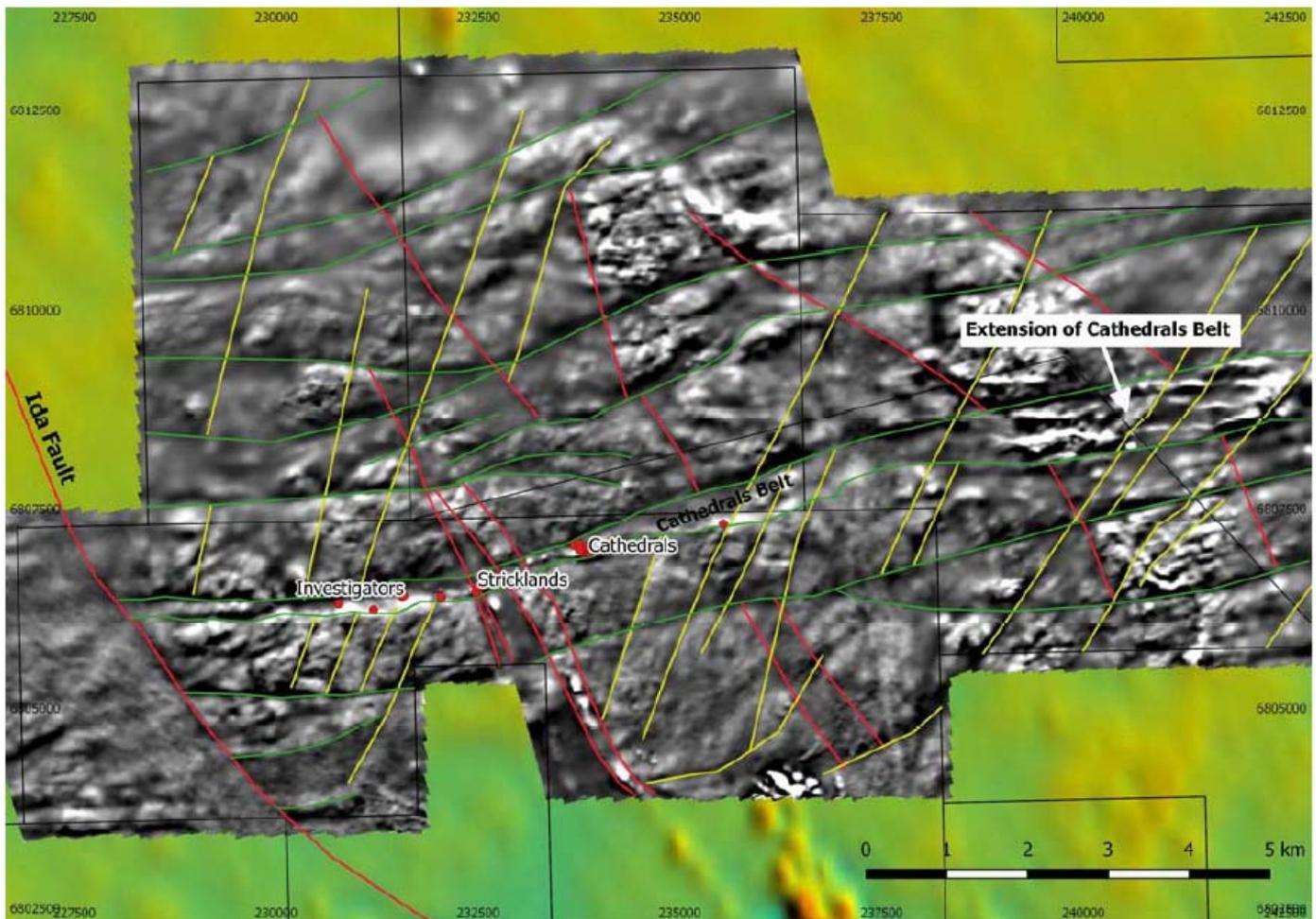


Figure 2: New high-resolution magnetic data (Total Magnetic Intensity 1VD) with detailed structural interpretation.

Technical Significance

Three priority target areas generated by the recent aeromagnetic survey will be covered by the MLEM survey.

The first comprises the intersection of the Cathedrals Belt and the Ida Fault. The new magnetic data has clearly identified the location of the Ida Fault within the Mt Alexander tenements. The Ida Fault is important because it is a significant Craton-scale structure that marks the boundary between the Eastern Goldfields Superterrane to the east and the Youanmi Terrane to the west.

The intersection of the Cathedrals Belt and Ida Fault is an important geological location that could have acted as a first order regional control on mineralisation within the Mt Alexander tenements. The intersection of these structures will be covered by the upcoming MLEM survey.

The new magnetic dataset has also allowed the generation of new target areas that are prospective for ultramafic-hosted nickel-copper-PGE mineralisation. The MLEM survey will be the first exploration ever conducted on most of these targets and could boost the already significant exploration upside at the Mt Alexander project.

The new magnetic data also identified a number of east-northeast structures that run parallel to the Cathedrals Belt, which is the second area to be tested by the MLEM survey. The first of the east-northeast corridors to be explored will be the one closest to the Mt Alexander greenstone belt, situated parallel to and 1km south of the Cathedrals Belt. The MLEM survey will be completed over a 9km strike length of this structure.

The third and final area to be tested by the MLEM survey is the eastern extension of the Cathedrals Belt, where the recent SAMSON EM survey detected four EM responses that warrant follow-up. A single line of the MLEM survey will be completed over three of these anomalies to provide additional data to facilitate modelling of the EM responses.

Next Steps

The MLEM survey will involve the collection of 845 stations of data using transmitter loops of 200 metres x 200 metres, with a line spacing of 200 metres and a station spacing of 100 metres. Any EM conductors detected by the MLEM survey will be prioritised for test drilling.

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.

Summary

We initiated coverage of St George Mining at a price around \$0.35 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.

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.

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

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