

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

Ongoing Exploration Success at Mt Alexander and East Laverton

- *Drilling at the Cathedrals and Stricklands prospects at Mt Alexander intersects massive Ni-Cu sulphides associated with EM anomalies*
- *Drilling imminent over similar EM anomalies at the adjacent undrilled Investigators prospect*
- *Drilling at the Ascalon gold prospect at the East Laverton Project has intersected broad zones of alteration that are commonly associated with gold mineralisation in the Laverton area – assays are awaited*

July 6, 2016

EVENTS

- Recent drilling by St George at the core tenement of Mt. Alexander (E29/638, SGQ 75%, WSA 25%) has intersected massive nickel-copper sulphides in most holes:
 - Drilling has targeted EM anomalies at the Cathedrals and Stricklands prospects, located within the Cathedrals Belt, with 11 holes for 1411m being drilled
 - High grade nickel-copper intersected at Cathedrals (previously drilled by BHP Billiton Nickel West (“Nickel West”)), with intersections including 1.17m @ 8.75% Ni, 3.3% Cu, 0.24% Co, and 6.16g/t total PGE’s from 30.17m in hole MAD15, in a broader zone of 4.05M @ 3.16% Ni, 1.37% Cu, 0.09% Co and 3.08g/t total PGE’s from 27.5m
 - Intersections at the previously undrilled Stricklands prospect, some 750m west along strike from Cathedrals have included 2.78m @ 1.62% Ni, 2.51% Cu, 0.07% Cu and 1.88g/t total PGE’s from 41.9m in hole MAD22
 - Hole MAD20 at Stricklands intersected 7.9m of ultramafic-hosted sulphide mineralisation, ranging from disseminated sulphides at the top to massive sulphides at the bottom - a mineralised sequence typical to that found in a number of world-class nickel deposits in the Yilgarn of Western Australia.
 - All EM anomalies tested are associated with mineralisation, validating the targeting method, with all intersections in fresh rock at shallow depths from 30m
 - Down hole EM (“DHEM”) carried out subsequent to the drilling has delineated a number of new EM anomalies that require drilling.
- Drilling is expected to commence at Mt Alexander on July 8:
 - The previously unexplored Investigators prospect is located at the western end of the Cathedrals Belt, some 2km west of Cathedrals
 - Ground EM surveying by St. George has identified three discrete priority anomalies similar in character to those at Cathedrals and Stricklands, including one with an exceptionally high 47,000 Siemens response (much higher than nearby conductors)

- MLEM surveying has also identified a number of anomalies in the Transits prospect (formerly “New Target Area”) within the St George 100% held E29/548 to the north of the Cathedrals Belt.
- Broad scale alteration has been intersected in drilling at the Ascalon gold prospect at the East Laverton Project:
 - A fence of five RC holes has intersected broad areas of silica alteration and quartz/carbonate veining, similar to alteration commonly associated with gold mineralisation in the Laverton area
 - Assays are awaited for this drilling over the previously undrilled prospect, however nearby shallow aircore drilling has intersected gold at the bottom of hole
 - Drilling now to test a 1km long aircore gold anomaly at the nearby Bristol prospect.

BREAKAWAY COMMENTS

The recent work by St. George at Mt Alexander has been very successful, and has highlighted the prospectivity of the property for komatiite-style nickel-copper sulphide mineralisation. The drilling has returned very encouraging results, with multiple intersections of the target style mineralisation at the two prospects tested. The new Stricklands discovery is the first “in-situ” komatiite mineralisation intersected at Mt Alexander, with nickel-copper sulphides at Cathedrals interpreted as being remobilised due to the intrusion of the granites into the greenstone sequence.

This work has also highlighted the suitability of EM as an exploration tool, with the discrete anomalies in the 2km long Cathedrals Belt drilled to date all related to massive sulphides. This bodes well for additional discoveries in the upcoming Investigators drilling and follow-up drilling of DHEM targets at Cathedrals and Stricklands. The DHEM anomalies defined by the Company point towards along strike and down plunge extensions to the mineralisation intersected thus far.

In addition to the east-northeast trending ultramafics in the Cathedrals Belt, there are extensive underexplored ultramafic sequences to the south. These trend north-northwest and occur over a strike length of 7km in E29/638, with wide spaced historic drilling intersecting massive nickel sulphides and channel flow rocks. This, along with the widespread presence of massive sulphides in the Cathedrals Belt, demonstrates the prospectivity of the Project for significant nickel-copper sulphide discoveries.

Field observations from the drilling at the Ascalon gold prospect at East Laverton are also encouraging, highlighting the presence of a large alteration system in mafic units, with the alteration similar to that associated with gold mineralisation in the Laverton district. Exploration at Ascalon is at an early stage, as is that at the Bristol gold prospect; where a 1km largely untested aircore gold anomaly is currently being drilled.

Summary

We look forward to the upcoming drilling at the Investigators prospect at Mt. Alexander, which, given the success of the drilling thus far has a very good chance of intersecting high grade massive sulphide mineralisation, and reinforces the quality of St. George’s overall exploration portfolio. The portfolio includes the East Laverton Project, where the first ever deep drilling is being completed at the Ascalon and Bristol gold targets which St George considers have multi-million ounce gold potential.

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

Company Information

ASX Code	SGQ
Share Price	A\$0.16
MCAP	A\$33.1m
Cash and liquid assets	A\$1.5m
Debt	A\$0.0m
EV	A\$31.6m

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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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