

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 |

<http://www.breakawayresearch.com>

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

Breakaway Investment Group (AFSL 290093) may receive corporate advisory fees, consultancy fees and commissions on sale and purchase of the shares of St George Mining Limited and may hold direct and indirect shares in the company. It has also received a commission on the preparation of this research note.

Disclaimer

Any observations, conclusions, deductions, or estimates of figures that have been made by Breakaway Research and the Breakaway Investment Group in this report should not be relied upon for investment purposes and the reader should make his or her own investigations. This publication has been issued on the basis that it is only for the information and exclusive use of the particular person to whom it is provided. Any recommendations contained herein are based on a consideration of the securities alone. In preparing such general advice no account was taken of the investment objectives, financial situation and particular needs of a particular person. Before making an investment decision on the basis of this advice, investors and prospective investors need to consider, with or without the assistance of a securities adviser, whether the advice is appropriate in light of the particular investment needs, objectives and financial circumstances of the investor or the prospective investor. Although the information contained in this publication has been obtained from sources considered and believed to be both reliable and accurate, no responsibility is accepted for any opinion expressed or for any error or omission that may have occurred therein.

Breakaway Investment Group

AFSL 290093 ABN 84127962387

T+61293928010

F+61292792727

PO Box H116 Australia Square

Sydney, NSW 2001

Suite 505, 35 Lime Street,

Sydney, NSW 2000