

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

### Ongoing Drilling at East Laverton is Delivering Excellent Results

- **A Very Strong DHEM Anomaly was Recently Delineated and is Fast-Tracked for Drilling**
- **Work to Date Confirms the Prospectivity of East Laverton, and has Identified Additional Nickel and Gold Targets**

December 3, 2015

#### EVENTS

- Downhole electromagnetic (“DHEM”) surveying at the Windsor prospect identifies a very strong off-hole conductor
  - Surveying in hole WINRC016 returns a very strong late time conductor centred at around 86m depth
  - It is one of two DHEM conductors identified from surveying of the recent Windsor drilling
  - Diamond drill rig being mobilised to site for immediate testing of this target
- Drilling to date supports the nickel sulphide prospectivity of the East Laverton Project
  - 12 reverse circulation (RC) holes drilled at the Windsor prospect all intersected prospective high MgO komatiitic ultramafic units
  - Assay results have been received for seven holes to date, with these showing some zones of disseminated nickel sulphides and elevated platinum group elements (“PGE’s”)
  - Drilling ongoing of highly rated targets at Desert Dragon Central and North
- Ground work identifies additional nickel and gold targets

#### BREAKAWAY COMMENTS

Results from St. George’s ongoing drilling programme at the 100% held East Laverton Project are very encouraging.

DHEM surveying has been completed on nine of the twelve holes (three holes have yet to be surveyed due to downhole ground collapse) recently completed at the Windsor prospect, with two significant conductors being delineated – one from holes WINRC013 and 14, and a second in hole WINRC016.

**It is this second conductor that is of most interest, with a very high late time conductance of 210,469 Siemens.** This is interpreted to be located at around 86m depth, and in fresh rock, possibly at the upper shear contact of the Windsor ultramafic. Modelling indicates a discrete anomaly with dimensions of around 7.5m x 12m, which the Company’s geophysical consultants consider a priority target for massive nickel sulphides.

As such, the Company has decided to mobilise a diamond drill rig to site to enable prompt drilling of this target. The rig is expected on site this weekend and will commence work by drilling the strong DDRD0005-DHEM2 target at the nearby Desert Dragon Central prospect. This has a conductance of over 60,000 Siemens, with a planned hole depth of 390m. This will be followed by drilling of the WINRC016 conductor.

The programme has included the drilling of twelve RC holes for 3,7438m at the Windsor prospect, with assay results received for seven of the holes. The remaining assays are expected within the next few weeks.

The drilling has intersected thick intervals of high MgO accumulate komatiitic units, with some areas of disseminated sulphides, confirming the prospectivity for massive sulphide nickel mineralisation. Drilling has now intersected this unit over a strike length of at least 1.5km in widely spaced drillholes.

Assay results include intervals of elevated PGE values, which are generally sourced from magmatic sulphides and can indicate a fertile nickel mineralising system. The highest values are in hole WINRC011 and are associated with anomalous nickel. This includes 9m @ 0.39% Ni and 242ppb PGE from 85m.

RC drilling of DHEM targets is continuing at Desert Dragon Central, with three holes left to be completed. Two of these holes are planned to test off-hole conductors, identified in the surveying of holes DDRDD0004 and DDRDD0005. Following this the RC rig will be move to Desert Dragon North, where the “North Dragon 1” conductor will be drilled. This was identified from surveying of hole DDNDD0001, with nearby RC drilling intersecting 2m @ 1.08% Ni.

Ground work and the interpretation of historic data has also highlighted the prospectivity of the project for significant gold mineralisation, with the Ascalon prospect being identified from the results of detailed gravity surveying and historic bedrock drilling to the northwest of the target. St George plans to drill Ascalon early in 2016.

Drilling is also scheduled to commence by the end of this week at the Hawaii Project, located near the Agnew-Wiluna belt and recently acquired from BHP Billiton. This will be the first ever bedrock drilling at Hawaii, with four separate targets to be tested.

### Summary

Results from the current drilling and DHEM programme at the East Laverton Project are very encouraging and confirm the nickel sulphide prospectivity of the Project. Key near term activities include the drilling of the priority WINRC0016 DHEM conductor and the drilling of the Company’s most highly rated prospects at Desert Dragon, as well as the maiden drilling programme at Hawaii.

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

### Company Information

ASX Code	SGQ
Share Price	A\$0.073
MCAP	A\$11.7m
Cash and liquid assets	A\$2.2m (est)
Debt	A\$0.0m
EV	A\$9.5m

<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.

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### **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