EL28016_2013_A

ANNUAL TECHNICAL REPORT- YEAR THREE

25 NOVEMBER 2012 – 24 NOVEMBER 2013

Titleholder-	**Blue Thunder Resources Pty Ltd**
Project Operator-	**Blue Thunder Resources Pty Ltd**
Titles-	**EL28016**
Tenement Manager-	**AMETS**
Project Name-	**Blue Thunder Gold Project**
Personal author(s)-	**Tim Hronsky (B.Eng- Geol)**
Company Reference Number-	**N/A**
Target Commodities-	**Gold**
Date of report-	**12 December 2013**
Datum/ Zone-	**GDA94/ Zone 52**
250K Mapsheet-	**SD5208 Pine Creek**
100K Mapsheet-	**5170 Tipperary**
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LOCATION & TENURE

The Pine Creek Property (the "Property") is located 130 km SE of Darwin in the Northern Territory, Australia. The Property is well serviced by a major sealed highway that runs from Darwin to Alice Springs, and is proximally located to the Darwin-Adelaide rail-link and the gas-pipeline from the north coast.

EL 28016 forms part of St George Mining's (ASX-SGQ) Pine Creek Property and Blue Thunder Gold Project. This includes EL 27732, EL 28016, EL 28232, EL 28463. All tenements are held in the name of Blue Thunder Resources Pty Ltd, a wholly owned subsidiary of St George Mining, other than for EL 27732, of which St George Mining is the Project Manager. St George completed an option agreement to acquire 80% of EL 27732 on the 1st of March 2009, from current holders, James Stewart (50%) and Geotech International (50%).

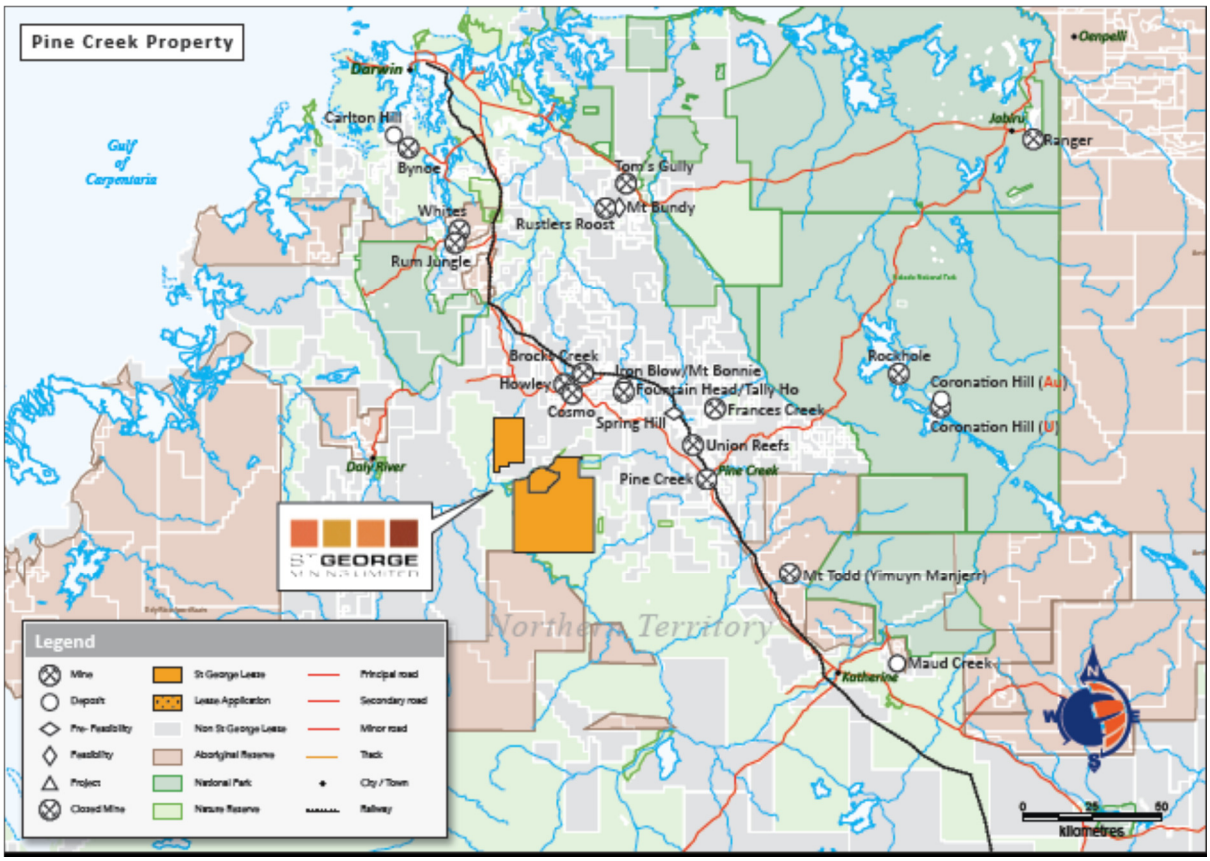

Figure 1 – St George - Pine Creek Property at Pine Creek

GEOLOGY & MINERALISATION

The Pine Creek Property is located in the western margin of the central domain of the Pine Creek Orogen (PCO). The PCO is a major gold and uranium province within the Northern Territory of Australia and has a known gold endowment of approximately 11 MozAu.

At a regional scale, gold mineralisation in the PCO occurs in linear belts associated with regional structures at or near the greenschist facies brittle-ductile transition phase. Gold deposits within the sediments of the western area of the Central Domain of the PCO are concentrated within the sedimentary Koolpin Formation.

The region is characterized by Paleoproterozoic meta-sedimentary rocks occurring within in a geosynclinal setting over a gneissic and granitic Archean basement. This older sequence of meta-sediments is unconformably overlain by the Mesoproterozoic McArthur Basin to the east, and by the Mesoproterozoic Victoria Basin and Cambrian-Ordovician and Mesozoic sequences of the Daly and Bonaparte Gulf Basins, to the west and southwest.

Major sedimentation and volcanism occurred between 2000 to 1870 Ma in an intra-cratonic basin setting formed by crustal extension of the predominantly Achaean granitic basement. This sedimentary sequence is dominated by mudstones, siltstones, greywackes, sandstones, tuffs, and limestones. The sediments and associated mafic intrusions were folded and underwent metamorphism between 1870 to 1899 Ma, when they were subsequently intruded by the Cullen batholith.

The Cullen Batholith is comprised of 23 individual plutons that are mostly comprised of highly fractionated, and sometimes metal-enriched, leuco-granites. The extent of contact margin of the granite with its host rocks vary. The contact metamorphosed margin concocts of an albite + epidote + hornblende mineral assemblage. Hydrothermal fluids were concentrated at the roof and the margins of these plutons. The presence of numerous roof pendants and the distribution of the thermal aureole around these plutons suggest a high level of emplacement.

Two major phases of deformation that pre-date granitoid intrusions have been recognised in the Pine Creek Geosyncline. The earliest widely recognised structures in the Pine Creek Geosyncline are bedding-concordant fabrics and breccia zones (D1). The second phase of deformation produced the north to north-west trending folds that still dominate the district (D2). The folds vary from open and upright to overturned and isoclinal with the development of a penetrative slatey cleavage.

The South Alligator Group includes the economically important Koolpin Formation, which forms the basal unit, and is unconformably overlain by the Gerowie Tuff, which is conformable with the overlying Mount Bonney Formation. The Gerowie Tuff and overlying Mount Bonney Formation have similar siliceous (felsic) composition and may act as a stratigraphic (physical-chemical) seal for the hydrothermal mineralisation locally hosted in the underlying ferruginous and carbonaceous rocks of the preferentially mineralised Koolpin Formation.

The composition of the Cullen Batholith is not magnetic but the surrounding contact metamorphic aureoles are. The vast majority of PCO gold deposits, including all of the larger ones, lay within these contact aureoles. The magnetic response of these zones implies hydrothermal iron-enrichment associated with the contact alteration. Digenetic iron formation appears to play an important role in localizing gold mineralisation. A similar relationship between high-grade gold deposits and similar concentrations of iron (as "ironstones") exists at the Tennant Creek Goldfield (5+ MozAu), which lies to the south within the same Proterozoic terrane.

The Cosmo Howley deposit (2+ MozAu) is one of these gold deposits situated in the inner contact aureole setting of the Cullen Batholith. Cosmo Howley is situated on the sheared western limb (Pine Creek Shear) of a regional antiform, and like most of the known gold deposits in this locality is hosted by the Koolpin Formation.

The Pine Creek Property is situated on the same fold limb of this antiform but on the regional sub-parallel Fenton Shear, located further to the west. The known shear-hosted gold mineralisation within the Fenton Shear is also hosted by the folded continuation of the Koolpin Formation.

The core of this anticline forms a regional gravity high with the sediments wrapped around this body. The density of this body suggests the central cohesive body may be a concealed Archean dome, similar to those exposed elsewhere in the PCO. The competent body appears to play an important role during regional structural formation, providing a competency contrast to the more ductile sedimentary packages.

Easterly directed compression and thrusting re-orientates the flat lying sedimentary horizons to a more vertical setting along the western margin of the body, which are then deformed with the subsequent development of shearing

Large gold systems cluster within well-defined periods of lithospheric growth including the Paleoproterozoic. Recent geochronology offers new constraints on evolution of the Pine Creek Orogen, allowing inter-regional comparisons and correlations to be made with the Tanami and Tennant Creek Regions. Previously, age dating of Paleoproterozoic gold mineralisation in the Northern Territory appears to have based on inferred genetic links between the ages of spatially related granites and the gold mineralisation (e.g. Tennant Creek). Contrasting views has also argued that the gold mineralisation in the Pine Creek area is much younger than previously thought and is of an orogenic nature. While dating is still imprecise and incomplete, it is suggested the NT gold deposits appear to be clustering around an age range of 1760 - 1700 Ma, and this represents a major orogenic gold event towards the end of the Paleoproterozoic.

This suggests a major global-scale late Paleoproterozoic gold event occurring post regional metamorphism and magmatism, and also provides a link between the formation gold deposits of the Northern Territory and the mineralising event responsible and capable of forming the similarly-aged giant Homestake gold deposit. It is an important consideration in assessing under-explored Proterozoic Orogens.

The Pine Creek lode gold deposits are spatially related to regional antiforms that are associated with thrust-ramp and thrust duplex structures. The thrusts appear to have acted as channel ways for hydrothermal fluids from deep larger structures into anticlines and other trap sites. Mineralisation is located in suitable local gold traps often associated with mafic dykes that provide local competency contrasts.

Gold occurs in all rock types except granite. The higher-grade deposits have an association with carbonaceous or iron and sulphur rich sedimentary horizons, such as the Koolpin Formation. More competent lithology's in turbidite-style sequences form vein-stockwork deposits (e.g. Enterprise and Mount Todd), whereas those with both contrasting competency and geochemistry form strata-bound vein and replacement style of deposits (e.g. Cosmo Howley).

Previous geological investigation has been able to establish the composition and relative zonation of the alteration and mineralogy of gold mineralisation hosted by the Fenton shear and within the vicinity of the Property. Investigation included the analysis of the past diamond drill core analyzed using the CSIRO hyperspectral detailed logging technology developed by the CSIRO. Closer to the centre of the gold system, there is an increase in the amount of potassium feldspar (microcline), Mg-rich chlorite, and pyrite. This reflects an increase in the amount of alkaline gold fluids and increases in crystallinity associated with higher temperatures. This provides a usual tool for focusing exploration in core zones, most likely to contain high-grade gold mineralisation.

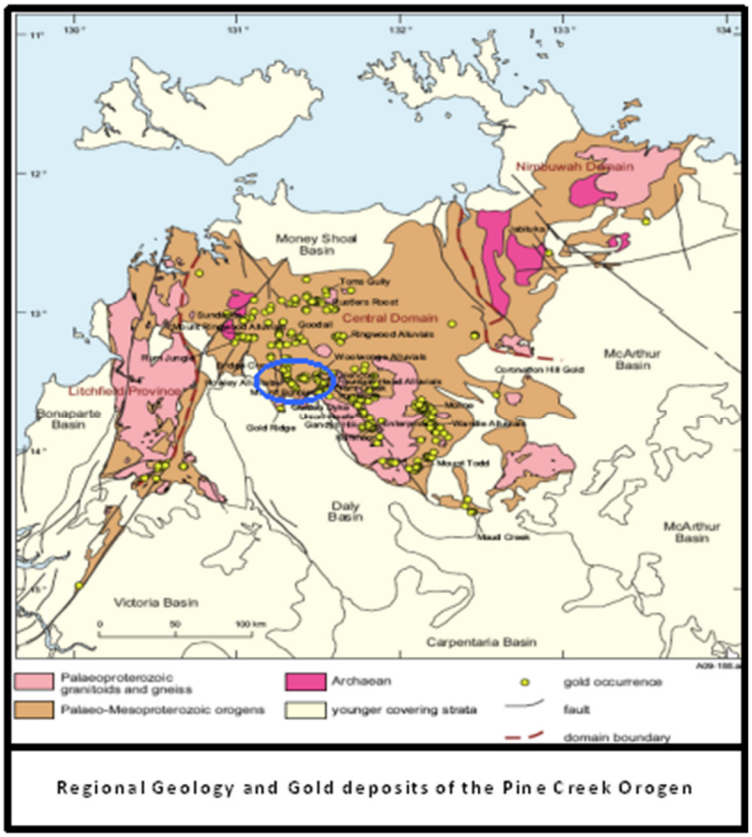

Figure 2 – Regional geology and gold deposits of the PCO with blue ellipse showing approximate area of the [NEWCO] tenements

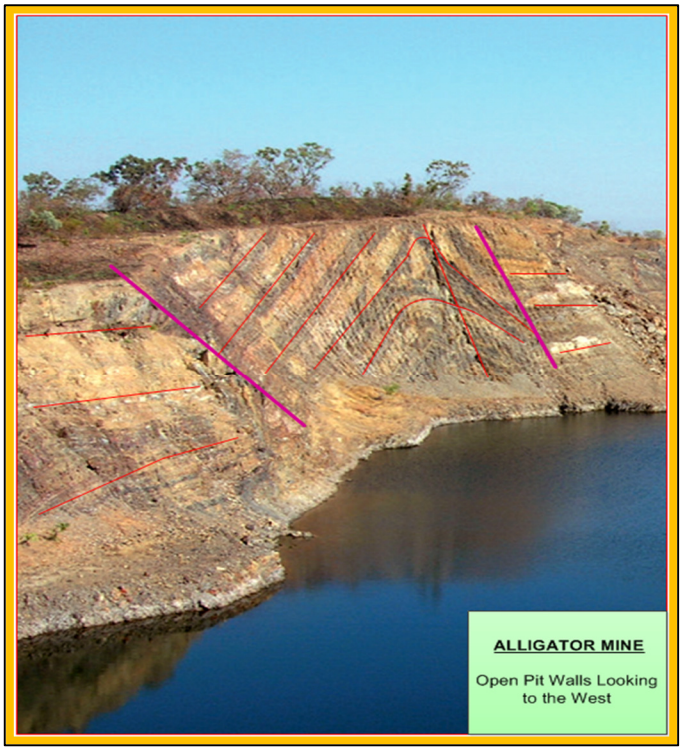

Figure 3 – The consistent structural pattern that acts a local control on gold mineralisation is visible throughout Pine Creek in mineralised and non-mineralised rocks. The thrust related antiforms have steep and narrow eastern limbs truncated by shearing, while the hinge zones and western fold limbs are open and gently dipping. Most of the gold mineralisation is contained within the fold hinge and the moderately dipping western limb.

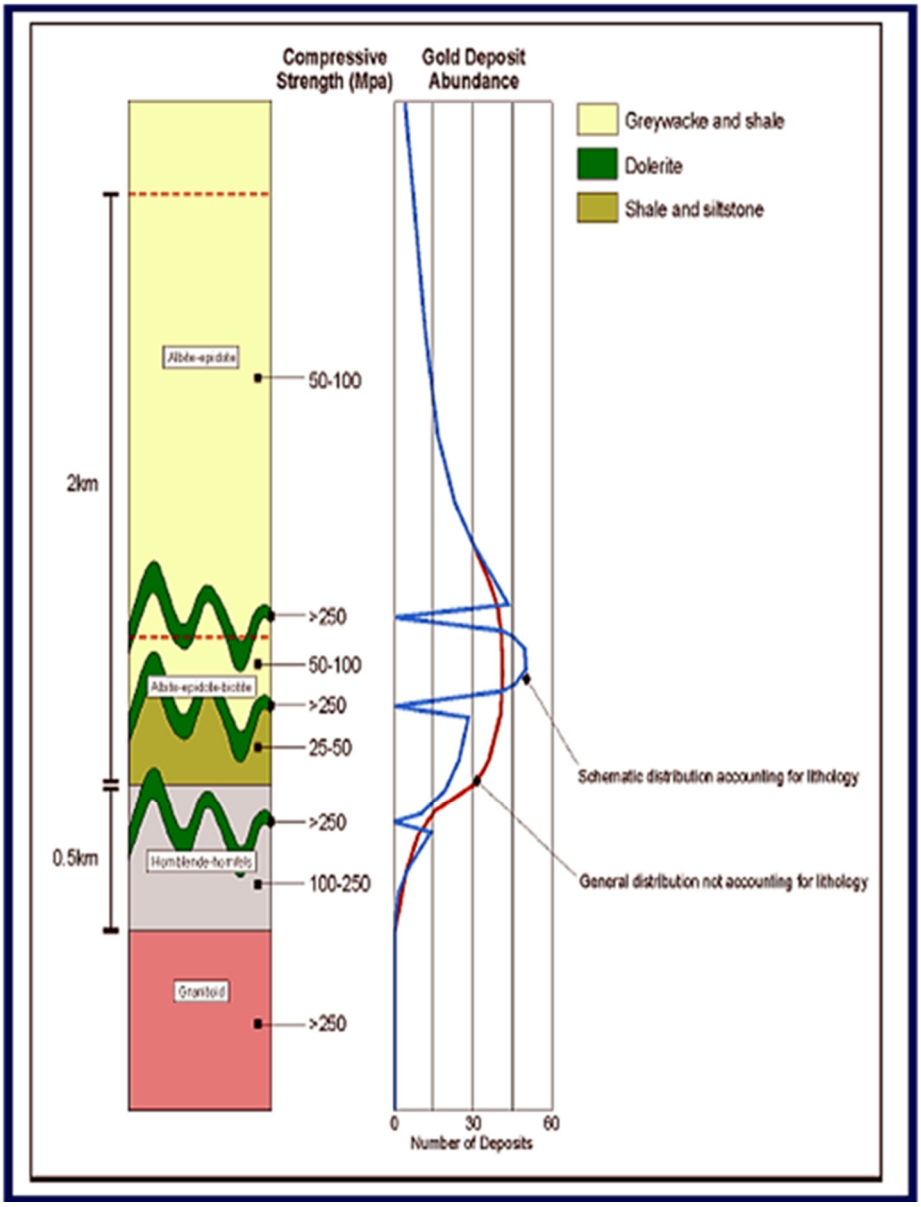

Figure 4 – Stylized image of marginal granite setting. The most fractured area occurs outboard of the hornfelsed (contact metamorphic zone) shown in grey on the graphic.

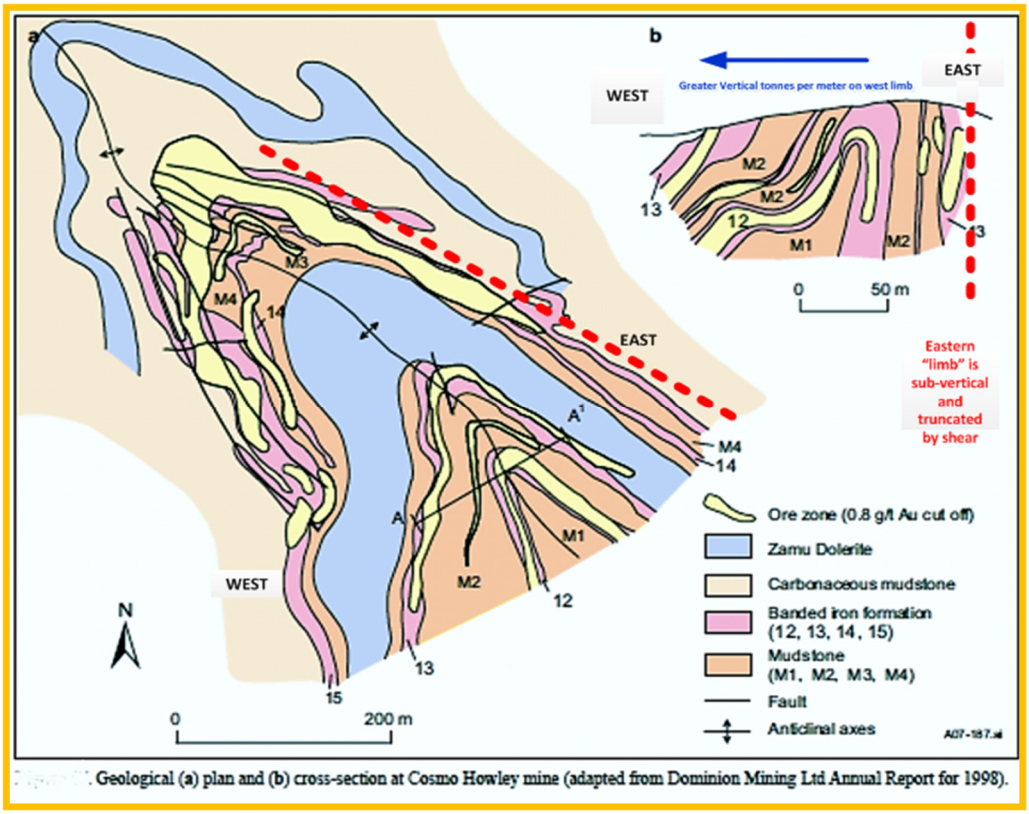

Figure 5 – In gold deposits within the Pine Creek area, such as Cosmo Howley, gold mineralisation is concentrated within the upright hinge zones of the thrust-related anti-forms and the more gently dipping western fold limbs.

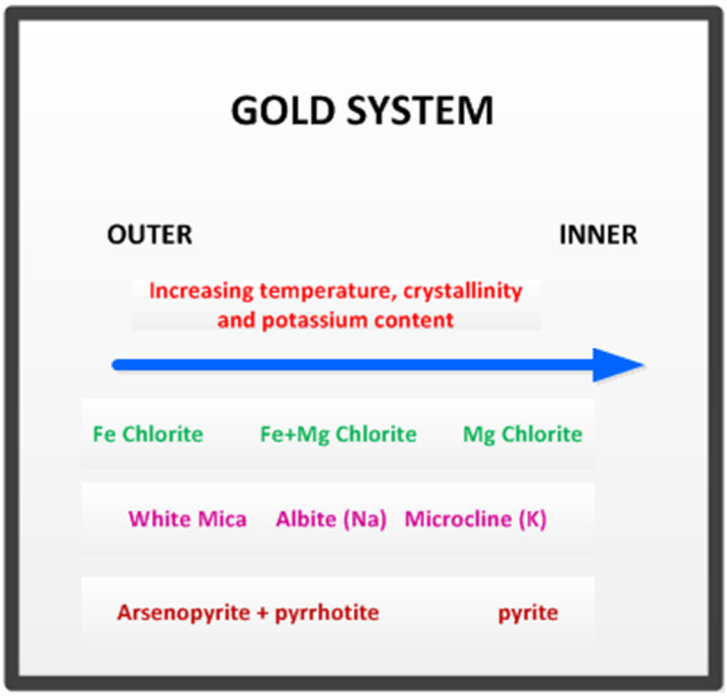

Figure 6 – Previous geological investigation has been able to establish the composition and relative zonation of the alteration and mineralogy of gold mineralisation within the Fenton shear and hosted by the Koolpin Formation.

PREVIOUS EXPLORATION

Little modern exploration had been conducted within the general project area that covers the Fenton shear, which was not seriously explored for gold until the initiation of a regional exploration by Homestake Gold of Australia (Homestake) in the 1990's. At that time Homestake was one of the largest gold companies in the world and owned the name-sake giant Homestake deposit (~57 MozAu) in Lead, South Dakota.

HGAL had noted the similarities between the style of mineralisation, alteration, stratigraphic setting and age of mineralisation of the Cosmo Howley deposit, and that of their Homestake deposit (~57 MozAu). The deposit style and host rocks of Cosmo Howley and the Homestake deposit are independently noted as being similar with respect to their character and stratigraphic succession. Homestake initiated a regional exploration program to test for undercover "Homestake-style" gold deposits.

The regional diamond and RC drilling program intersected material gold levels in two drill holes during this drilling programme: FEND 14 and FEND 18 (currently on Blue Thunder's EL 27732) before the exploration program was prematurely terminated because of worsening gold prices and change in corporate strategy. These holes are located within tenements currently owned by St George Mining (ASX-SGQ).

FEND 14 intersected 17 metres @ 0.74 ppmAu (from 610 - 627m and with no cut-off) within a 150 meter-thick zone of pyrrhotite-rich, iron-rich, chlorite and chert sediments with a felsic hanging wall unit. Despite the modest grade, the hole confirmed the presence of a broad gold-bearing iron-formation, and validated the exploration model with the presence of "Homestake-style" gold mineralisation.

FEND 18 was drilled 1200 m SSE of FEND 14 and intersected 20 m @ 1.74 ppmAu within a broad zone of continuous stratabound mineralisation (no cut-off) from 423 to 443 m. The FEND 18 intersection was approximately 200 m above the intersection made in FEND 14. FEND 18 was significant in that it confirmed not only the consistency of broad zones of gold mineralisation initially identified in FEND 14, but also encountered various high-grade gold intersections, confirming the strength of the system.

Despite Homestake's premature withdrawal, the exploration program was successful in demonstrating the previous unexplored Fenton Shear hosted gold mineralisation and that the gold mineralisation was similar in nature and probably in age to that found at Cosmo Howley providing some proof of concept for the HGAL "Homestake Gold" exploration model.

HOLE ID	NORTHING	EASTING	DIP (degrees)	AZM (degrees)	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	GRADE (ppmAu)
FEND 14	8472737	746928	-68	264	650	610	627	17	0.74

Table 1 - Drill Intersections FEND 14 (not on this tenement) with no cut-off, this was the first hole in the regional HGAL drill program to encounter consistent lengths of low grade gold mineralisation.

High grade intersections were present in FEND 18 within the broad intersection of 20 m @ 1.74 ppmAu between 423 to 443 m (no cut-off), and these are presented in the table below:

HOLE ID	NORTHING	EASTING	DIP (degrees)	AZM (degrees)	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	GRADE (ppmAu)
FEND 18	8471548	747190	-68	264	649	423	425	2	2.24
						431	433	2	4.89
					inc.	431	432	1	8.68
						438	444	5	3.48
					inc.	441	442	1	8.32
						463	464	1	1.81

Table 2 –Drill Intersections FEND 18 (not on SHELL tenements) at a 1 ppmAu cut-off. This was the first hole to confirm extensive and higher grade gold mineralisation was present in the unexplored Fenton Shear, thus providing g "proof of concept".

The presence of gold mineralisation hosted by iron-rich sediments within the under explored Fenton shear zone has been established by the previous Homestake exploration. These broad and occasionally high grade intersections by Homestake within the target Koolpin Formation are highly encouraging and provided direct evidence that the previously unexplored Fenton Shear has the potential to contain significant gold mineralisation.

EXPLORATION SUMMARY - 2013

A project continuance review was conducted on the project during this last reporting period. A new and considerably enhanced understanding of the local project area and the wider controls on gold mineralisation have been established on the basis of the exploration work in the project. The predictive exploration model derived during the previous period was the geological basis for this review.

The critical outcomes from this review were:

- The view that the ecnomic potential of the magnetic units of the Koolpin Formation was the result of secondary iron enrichment resulting from the digenetic iron dissolution, circulation and precipitation associated with the main metamorphic event. Fe-rich, acidic metamorphic fluids depositing magnetite is the same low pressure dialtional zones that were optimal sites for the precipitation for the later gold mineralisation. All post metamorphic units appar to be siliceous rather than iron-rich in nature.

- While there are similarities across Paleoproterozoic terranes, the recognition that the presence of mafic rocks in the form of intrusive dolerite bodies (Zamu dolerites) may substitute for the voluminous volcaic greenstones found in other more endowed Paleoproterozoic terranes (e.g. Birimian terrane in West Africa). This may reflect fundamental aspects of the underlying tectonic and magmetic processes associated with the formation of the local Pine Creek Orogen.

- The observation that the mineralisation in the Pine Creek orogen, with the exception of Mount Todd, is generally more structurally restrictive and of lower volumes despite the presence of good grades. This appears to be a reflection of lower volumes of fluid flow constrained the mechanically resitance of the rocks. There is a need to review the architecture of the orogen to determine optimal sites where translithospheric structures may occur.

- The postives of the project is the optimally location from an infrastructure perspective and that the presence of gold mineralisation has already been demonstrated. The limited exploration within the larger project area has shown the presence of a larger area and drilling has shown favourable indications for a large gold system, permissive of hosting a large size gold system.

- The negatives of the project are the deep occurences of gold mineralisation and the associated exploration costs. In addition any economic operation likely requiring suffient vapital and ore grades to support and underground operation.

- The observation of a consistent structural pattern across Pine Creek, where the eastern limb of what appears to be a thrust fold has a subvertical orientation and isattentuated and sheared. This is in in contrast with the more open nature of the fold hinge and the more shallowly dipping western limb. The fold hinge and the western limb appear to host the bulk of the gold mineralisation in deposits like the significant Cosmo Howley gold deposits.

- The subvertically-orientated, eastern limb of the thrust folded is not the optimal target for gold mineralisation, which appears as narrow and discontinous occurences. The deep and steeply orientated diamond hole PCDD01 drilled into this zone did not encounter the favourable Koolpin stratigraphy or gold mineralisation. This illustrates the rapid transition between favourable and non favourable lithologies in the tight and steeply orientated area of the stratigraphy.

- The recognition that the original flat lying magnetic stratigraphy had be reorientatied into a subvertical orientation by thrust folding upagainst a competent body, possibly a concealed Archean dome. Exploration focus should be restricted to the sheared upright northerly trending strategraphy, recognisable from its magnetic signature. The enhanced presence of iron show these site to be lower pressure dilational site pre mineralisation. The trend of the magnetic stratigraphy approximates that of the Fenton shear zone. The large shear zone allows sufficient geochemical leakage for this soil geochemistry to be used as an exploration tool.

- A previous partial leach, soil geochemical survey identified granite intrusive in the southern portion of EL 27732, which is also the northern edge of EL 28016. The position of the granite can be identified by the low magnetic area between the strong northern area of the trend and the weaker southern area on EL 28016. The granite appears to have intruded a local cross structure.

- The trend persists southwards to EL 28016 but appears to be "horse tailing" south of the granite area. This occurs at a local scale with two more magnetic zones and, at a larger scale where the shear zone appears to divide in a number of broader shears with a more subdued magnetic response. The lower magnetic response may be due to increased depth obscuring the response, and/ or a significant reduction in secondary iron enrichment away from the optimal precipitation site at the intersection of the cross structure and the northerly trending shear.

- The larger area covering the southern area of this tenement appears to be less than prospective as described above and a significant number of blocks are being relinquished.

- The area covering the magnetic stratigraphy within the shear zone that adjoins the southern boundary of EL 27732 remains a valid target, albeit at a lower ranking than the mineralised trend to the north of EL 28016. The presence of late stage granite intruding a dilational, low pressure zone where two structures intersect increases the value of this this area. Most mineralisation at Pine Creek appears to be proximal to granite intrusives, where thermal metamorphism has created rocks with a physical contrast.

- Further exploration should focus in this area increasing the soil geochemistry coverage, which should be a valid exploration tool given the geochemical leakage that would be associated with the shear zone and structural intersection. Ground gravity and magnetic surveys will help map the target magnetic stratigraphy and greenstone (dolerite) associations.

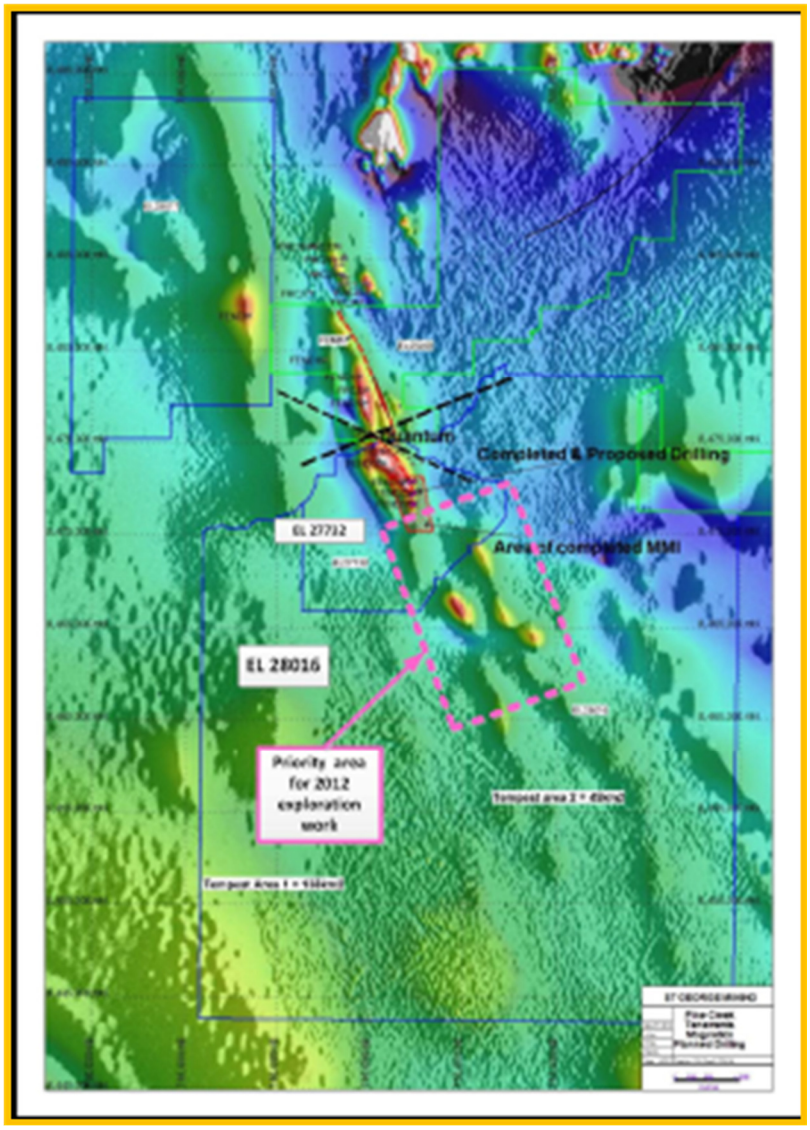

Figure 7 - The magnetic responses to the south east of the mineralised trend on EL 27732. The EL 28016 tenement boundary reflects it pre-partial relinquishment stage. The pinked dashed box is the area of interest.

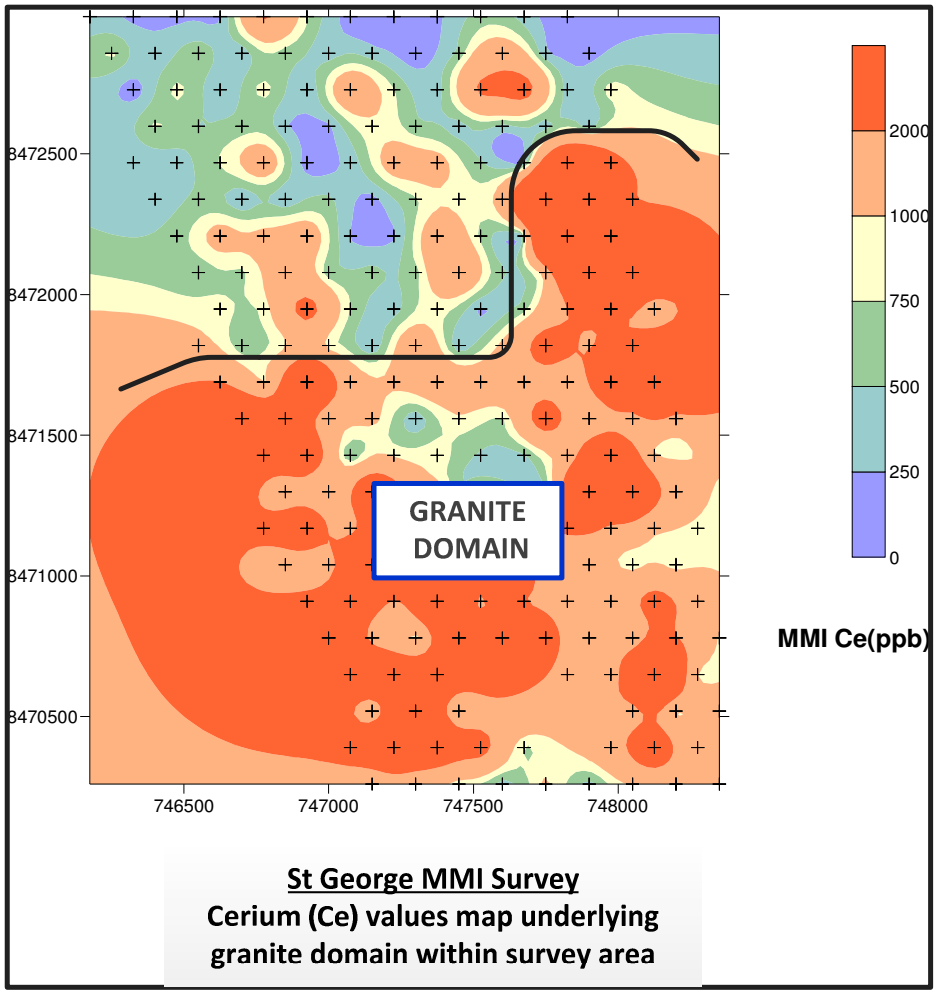

Figure 8 – Graphic shows granite zone in southern portion of EL 27732 and El 28016 identified by low magnetic response and high Cerium response, the granite intrudes a tensional NE-SW cross-structure

CONCLUSIONS

The deteriorating price for gold during the last 12 months and the increasing challenges in securing equity funding resulted in a comprehensive strategic and economic exploration review of Blue Thunder's commitment to this gold project

The postives of the project is the optimally location from an infrastructure perspective and that the presence of gold mineralisation has already been demonstrated. The limited exploration within the larger project area has shown the presence of a larger area and drilling has shown favourable indications for a large gold system, permissive of hosting a large size gold system.

The negatives of the project are the deep occurences of gold mineralisation and the associated exploration costs. In addition any economic operation likely requiring suffient vapital and ore grades to support and underground operation.

The remaining area of EL 28016 that appears to forms the southern section of the magnetic and mineralised trend of EL 27732 remains a valid target but dimished quickly to the south. The localised intrusion of a late stage granite demonstrates the low pressure and liational site around the structural intersection betyween the norther trending regional shear zone and a NE-SW cross structure. Proximity yo a granite is important for gold mineralisatiuon at Pine Creek in order to provide a suitable contrast benween the thermally metamorphosed areas and the more ductile desiments.

Further exploration should focus in this local area increasing the soil geochemistry coverage, which should be a valid exploration tool given the geochemical leakage that would be associated with the shear zone and structural intersection. Ground gravity and magnetic surveys will help map the target magnetic stratigraphy and greenstone (dolerite) associations.

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