

20 November 2012

## ST GEORGE DEFINES PRIORITY DRILL TARGETS AT CAMBRIDGE NICKEL PROSPECT

### HIGHLIGHTS

- **New EM survey identifies priority drill targets at Cambridge**
- **Prospective basal contact is expanded to include the western margin of the large ultramafic body**
- **Magnetic modelling of the ultramafic body implies a substantial depth extent of the prospective basal contact**
- **Drilling at Cambridge to commence on or about 22 November 2012**

### CAMBRIDGE NICKEL PROSPECT (100% ST GEORGE)

**St George Mining Limited** (ASX: **SGQ**) (“St George Mining” or “the Company”) is pleased to provide an update on exploration at its 100% owned Cambridge Nickel Prospect at the Company’s East Laverton Property in the NE Goldfields region of Western Australia.

#### **Electromagnetic (EM) Survey**

St George elected to expand the area covered by the new, refined EM survey at Cambridge whilst field crew were at site to include other prospective areas in addition to the historical targets on the eastern margin of the ultramafic body. While this additional work pushed out the date for finalisation of survey results, we are pleased to confirm that processing and modelling of the EM survey and related magnetics data has now been completed by Southern Geoscience Consultants (SGC).

Importantly, the expanded EM survey area and utilisation of aeromagnetic data has been successful in facilitating the modelling of the entire ultramafic body as well as recognising the prospectivity of the western margin of the ultramafic body.

The new geophysical data, in combination with detailed geological work, indicates that the ultramafic body at Cambridge retains its original ‘top to bottom’ facing rather than having been rotated by post emplacement deformation. Such rotation is not uncommon for bodies of this kind but it can reduce the extent of the basal contact (i.e. the surface on which nickel sulphide mineralisation typically settles).

Confirmation of the orientation of the ultramafic body is a significant finding as it implies that the prospective basal contact, and its potential to host nickel sulphide deposits, is likely to be much more substantial than initially thought.

The following images contain two representations of the magnetic modelling at Cambridge. Figure 1 illustrates a sectional view of the ultramafic body, and Figure 2 contains an inclined view. The light blue areas in these images represent individual cross sectional models of strongly magnetic ultramafic units around the prospective outer (basal) margin of the Cambridge complex. The large, brown, dish shaped body is an overall model of the main ultramafic body produced by a three dimensional mathematical inversion of the magnetics.

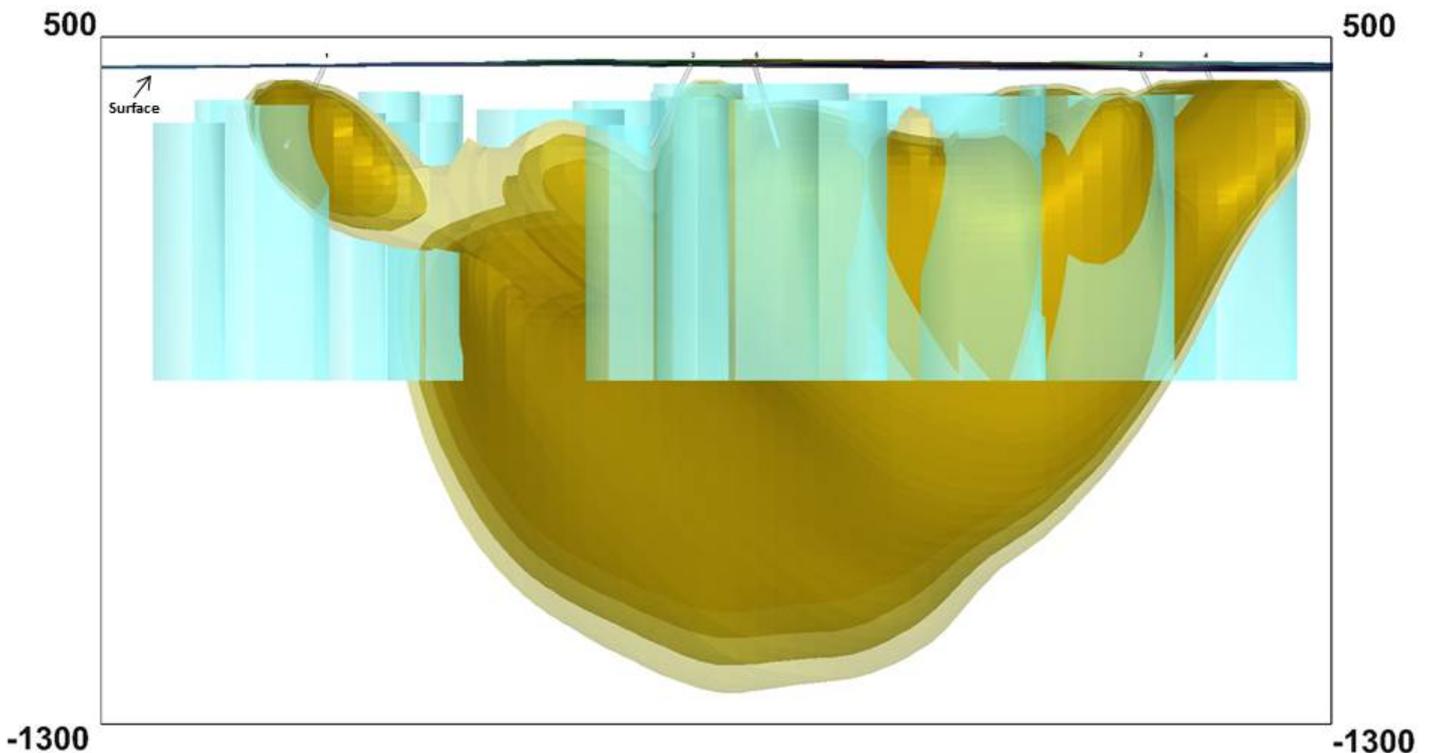
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In the sectional view (Figure 1), the grey ground surface line sits at approximately 420 metres above sea level. The top of the modelled magnetic ultramafic ranges from 50 to 100 metres below the surface (depth of oxidation), with a depth extent to around 1,200 metres below sea level. Though the modelling of the depth extent is poorly constrained, the survey results indicate that the ultramafic is likely to continue to considerable depth and could have a dish like shape, which would provide an additional longer term exploration scenario for testing the sub-horizontal basal contact at depth. Further modelling of the body will be undertaken once downhole EM surveys are completed and additional data on the deeper areas is available.

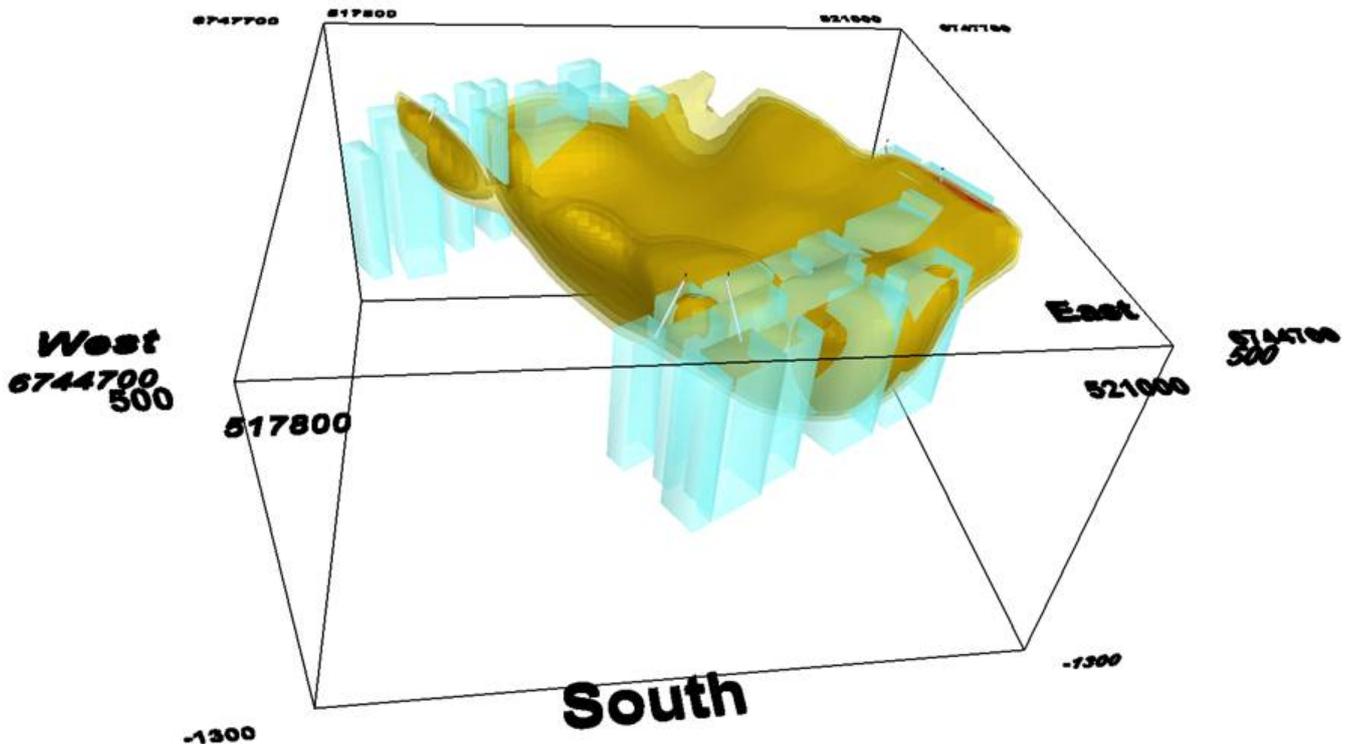
Widespread, near surface conductive material overlying the ultramafic limits the effectiveness of surface EM surveys and their ability to detect sulphide conductors, particularly beyond 150 metres from surface. Some EM responsiveness was detected along the basal contact in the upper 150 metres and these areas have generated the priority drill holes (see below). A combination of drilling, downhole EM surveys and magnetic modelling will be used to investigate potential mineralised targets at depth.

**Section view from south looking north**



**Figure 1 – a section view of the ultramafic body from south looking north**

Inclined View



*Figure 2 – an inclined view of the ultramafic body*

**Drill Targets**

The modelling of the EM survey detected several areas of EM responsiveness within 150 metres from surface, and these areas have generated three priority drill hole locations.

Priority hole No. 2 is the historical EM target known as SR-1 on the eastern margin of the ultramafic body.

Two new priority drill targets have been identified on the western margin of the ultramafic body at Cambridge. These additional targets reflect the significant expansion of the prospective basal contact at Cambridge.

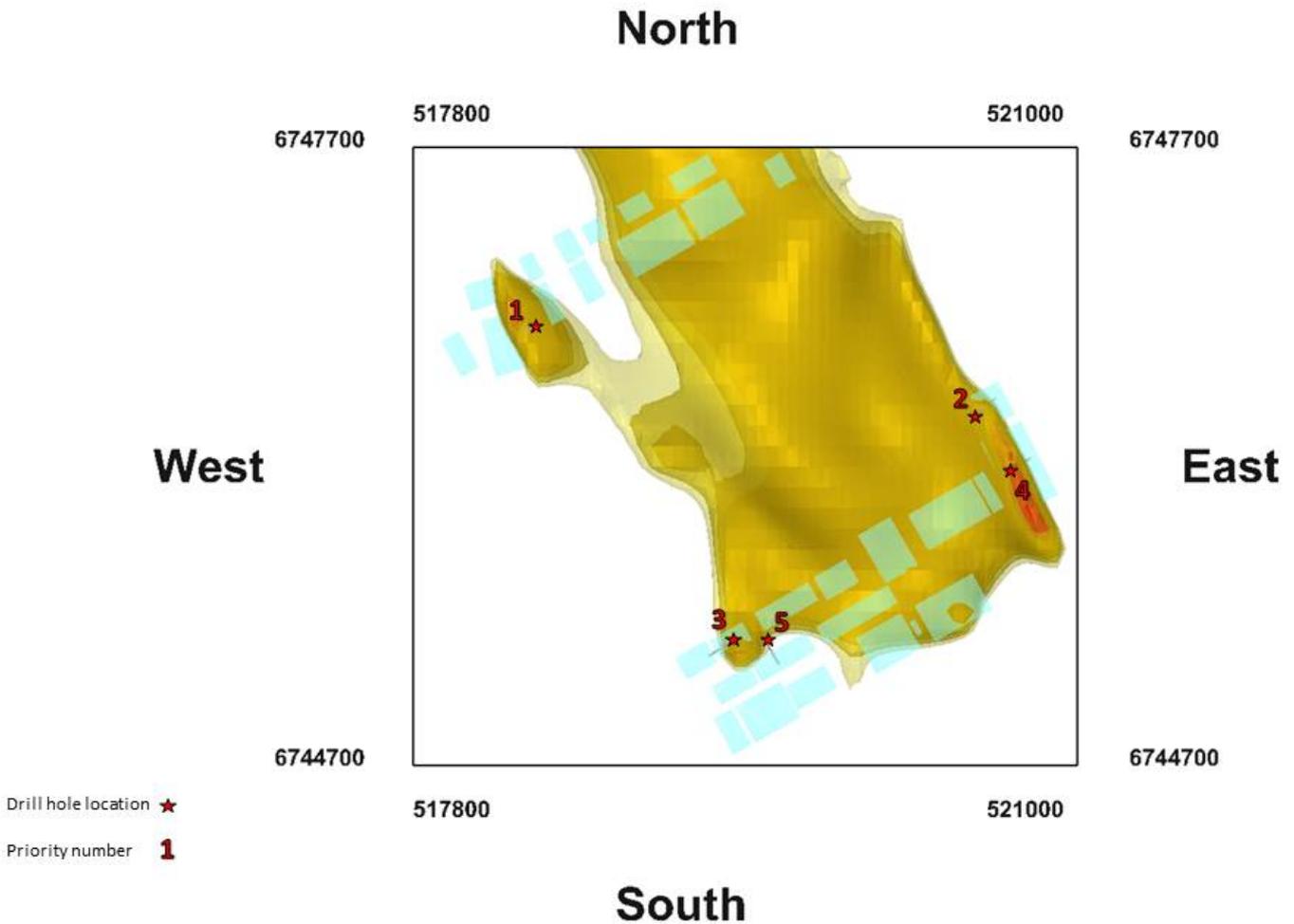
Figure 3 is a Plan View of the ultramafic body (based on the magnetic modelling) with the location of drill holes marked. Priority holes 1, 2 and 3 will be drilled in the current programme.

The drilling of additional holes will depend on results from these initial priority holes as well as the prevailing ground conditions. All holes will be cased with PVC piping to enable downhole EM surveys to be completed as soon as practicable.

The current reconnaissance drilling programme by St George Mining, with minimum target downhole depths of 250 metres, will test the priority targets beyond the 150 metres depth investigated by the EM survey.

As the basal contact at the ultramafic body is currently modelled to considerably greater depths, the current drilling will be a limited test of these targets. Very significant exploration potential will remain at Cambridge to identify large mineralised targets at depth.

## Plan View with drill hole locations



*Figure 3 – a plan view of the ultramafic body with 2012 priority drill hole locations*

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**COMPETENT PERSON STATEMENT:**

The information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by Andrew Hawker of Hawker Geological Services Pty Ltd. Mr Hawker is a member of the Australasian Institute of Mining and Metallurgy has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking. This qualifies Mr Hawker as a "Competent Person" as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hawker consents to the inclusion of information in this announcement in the form and context in which it appears.