

21 November 2013

## ST GEORGE ANNOUNCES DRILLING PROGRAMME

### HIGHLIGHTS

- **Drilling programme for high priority nickel targets to commence next week**
- **First drill target is the high value Desert Dragon prospect where disseminated nickel sulphides (18m @ 0.40% Ni) were intersected in 2012**
- **Electro-magnetic (EM) survey of prospects on the Stella Range Belt is progressing well with analysis of results pending**

### DRILLING TO START THIS WEEK

St George Mining Limited (ASX: SGQ) (“St George Mining” or “the Company”) is pleased to announce that the drill testing of high priority nickel targets at the Company’s 100% owned East Laverton Property will commence next week.

This is an ongoing drill programme that is planned to continue into 2014, following a Christmas recess. Drilling will initially focus on targets generated along the Stella Range Belt.

The Company’s drilling contractor, DDH1 Drilling, will be mobilising to site early next week and drilling is planned to be underway by the middle of next week. An announcement will be made once drilling has commenced.

A multi-purpose drill rig has been engaged for this deep diamond core drilling programme. The drill rig has capability for diamond core and RC (reverse circulation) drilling. RC drilling may be used initially in weathered rock to provide a stable drill hole collar for the diamond drilling. Actual drilling depths for drill holes will vary between targets to accommodate the depth and geometry of the various drill targets.

Drill core will be analysed in the field using a portable XRF unit, allowing for real-time information of the geology and any mineralisation encountered. The drill holes will be PVC-cased to allow for DHEM (down-hole EM) surveying of the holes, where appropriate.

### DESERT DRAGON - FIRST NICKEL DRILL TARGET

The Desert Dragon prospect is located on the Stella Range Belt and will be the first target to be tested by this drilling programme.

Drilling will initially be focused in the area around DRAC35, which is not amenable to EM surveys due to the local conductive nature of the nearby lake and lake sediments, and so is best advanced by a focussed drilling programme (see Figure 1).

DRAC35, a drill hole completed as part of the Project Dragon drilling in 2012, made the first-ever intersection of nickel sulphides at the East Laverton Property. It remains the most important nickel sulphide intersection at the East Laverton Property to date, and strongly supports the case for the discovery of massive nickel sulphide mineralisation on the Stella Range Belt.

DRAC35 intersected a thick zone of disseminated nickel sulphides - 18m @ 0.40% Ni, with 200ppb Pt+Pd and 350ppm Cu from 100m down-hole depth, including 4m @ 0.57% Ni (100m – 104m) and 2m @ 0.51% Ni (112m – 114m). (See Table 1 for drill hole details).

The disseminated nickel sulphides were intersected 100m down-hole, or approximately 80m below surface based on the -60 degrees hole-dip. The drilling has only intersected the top of this sulphide zone and the size and geometry have not been determined.

Potentially, these disseminated sulphides are part of a larger footprint around massive nickel sulphide mineralisation, which we are testing with the drilling. The planned drill holes will be announced shortly.

## **DESERT DRAGON – COMPELLING TECHNICAL MERIT**

The disseminated sulphides encountered in DRAC35 are hosted in komatiites associated with underlying metal-rich, sulphidic exhalative sediments (1600 ppmZn and 1100 ppmCu). This is a good environment for the formation of massive nickel sulphides.

A broad “cryptic halo” of fine magmatic PGE-bearing sulphides surrounds the disseminated nickel sulphide zone at DRAC35, with anomalous levels of Pt+Pd averaging 55 ppb. Cryptic PGE halos form a larger recognisable footprint around the occurrence of nickel sulphides and are a useful tool for identifying areas that may host nickel sulphide mineralisation.

The komatiites in DRAC35 have Pt/Al and Pt/Ti ratios of 3.5 (>2 is anomalous) and Pd/Al and Pd/Ti ratios of up to 11 (>5 is anomalous). These ratios show that the komatiites are at the base of the flow, the prospective area for massive sulphides.<sup>1</sup>

This provides further evidence that the disseminated nickel sulphides in DRAC35 are located in an area with very favourable conditions for massive sulphide formation.

The Permian cover at DRAC35 is shallow (6m) and the depth of weathering is limited (30m). This shallow cover will increase the cost-effectiveness of drill testing this target.

**John Prineas, Executive Chairman of St George Mining** said:

“We are undertaking a systematic assessment of the numerous nickel targets within the large East Laverton Property. We will be using EM surveys, focused drilling and DHEM surveys to test high priority prospects.

“At DRAC35, we already have a known mineralised zone in an ideal geological setting.

“Desert Dragon is a compelling target which offers an immediate opportunity to test for massive sulphides and to expand on the discovery of disseminated sulphides by DRAC35.”

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<sup>1</sup> The ratio of Platinum (Pt) and Palladium (Pd) over Aluminium (Al) and Titanium (Ti) is used to determine the relative position of a komatiite within a flow sequence. High ratios indicate a position at the base of a flow which is closest to the basal contact.

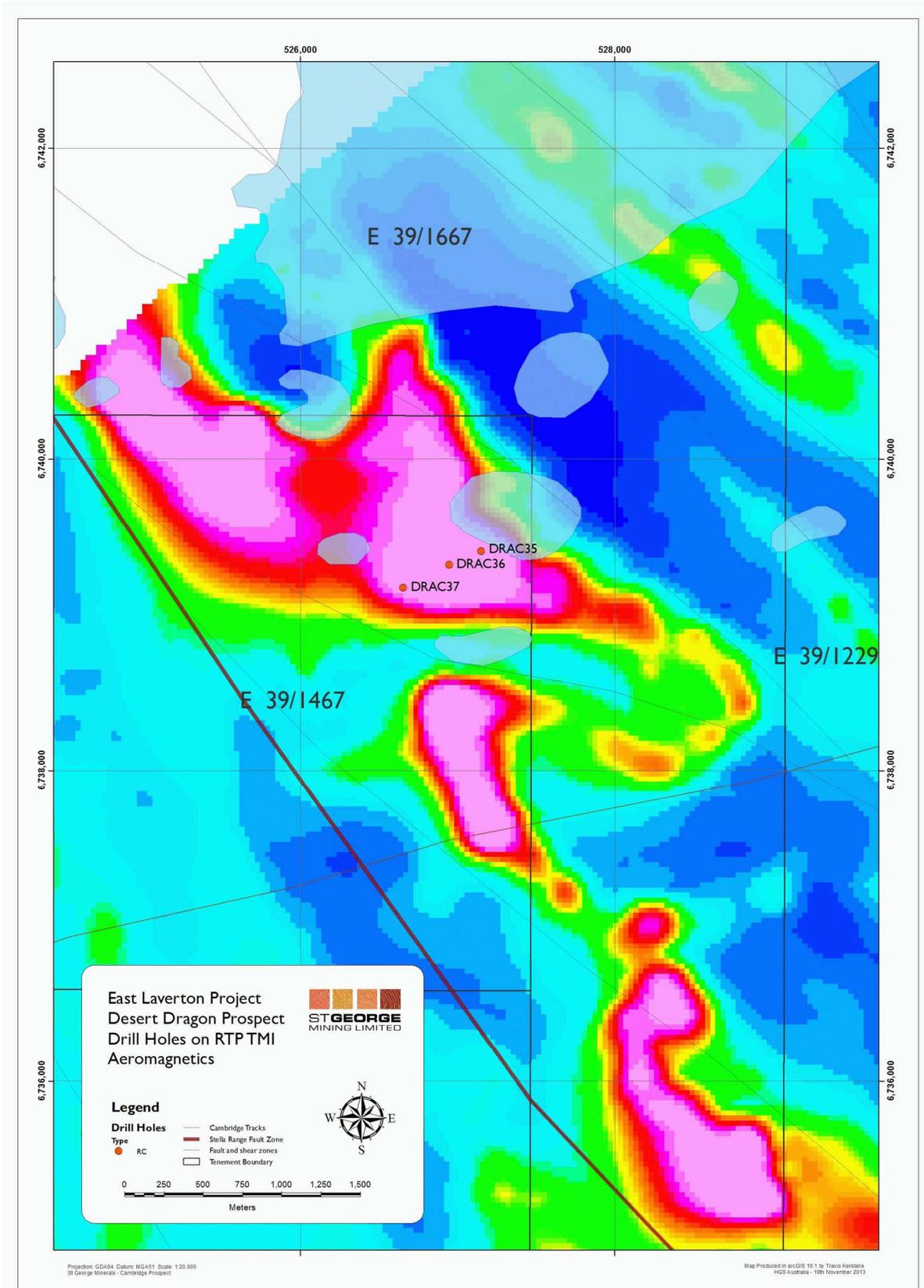


Figure 1 – this map illustrates the Total Magnetic Intensity at Desert Dragon. There is strong correlation between the area around DRAC35 and the ultramafic units represented by a strong magnetic signature (hot pink).

HOLE ID	NORTHING (m)	EASTING (m)	DIP (deg)	AZM (deg)	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	Ni (%)	Cu (ppm)	Pt+Pd (ppb)
<b>DRAC35</b>	6739401	527150	-60	250	244	100	118	18	0.40	342	197
						100	104	4	0.57	366	294
						112	114	2	0.51	584	281

*Table 1 – Drill hole details of DRAC35*

**ONGOING EM PROGRAMME**

The moving loop electro-magnetic (MLEM) survey of multiple nickel prospects on the Stella Range Belt is continuing. See Figure 2 for the prospects initially covered by the MLEM survey.

The comprehensive dataset generated by the recently completed fixed loop electro-magnetic (FLEM) survey and the ongoing MLEM survey will be analysed on an integrated basis by Newexco to identify new nickel targets.

The MLEM survey will continue into 2014, and will cover prospects on the Stella Range Belt not completed in 2013 as well as prospects on the Central Belt and Minigwal Belt.

Any EM conductors identified by the EM surveys will be prioritised and incorporated into the drilling programme as appropriate.

A further announcement regarding the EM surveys will be made once survey results and conductive targets are assessed.

**DETAILS OF FIELD XRF ANALYSIS**

References to XRF results relate to analysis using a hand-held Olympus Innov-X Spectrum Analyser. This portable device provides immediate analysis of modal mineralogy of soil and drill samples.

The device is unable to reliably detect precious metals in samples but is considered to be more reliable for base metal assessment. Results from XRF analysis are stated as indicative only, and are preliminary to subsequent confirmation by geochemical analysis by laboratory assays.

The XRF data is useful in assisting in the interpretation of the geological character of the rocks being encountered during soil sampling and drilling. The geochemical analysis from the XRF covers a broad range of elements and allows sophisticated geological modelling using various geochemical indexes and elemental ratios.

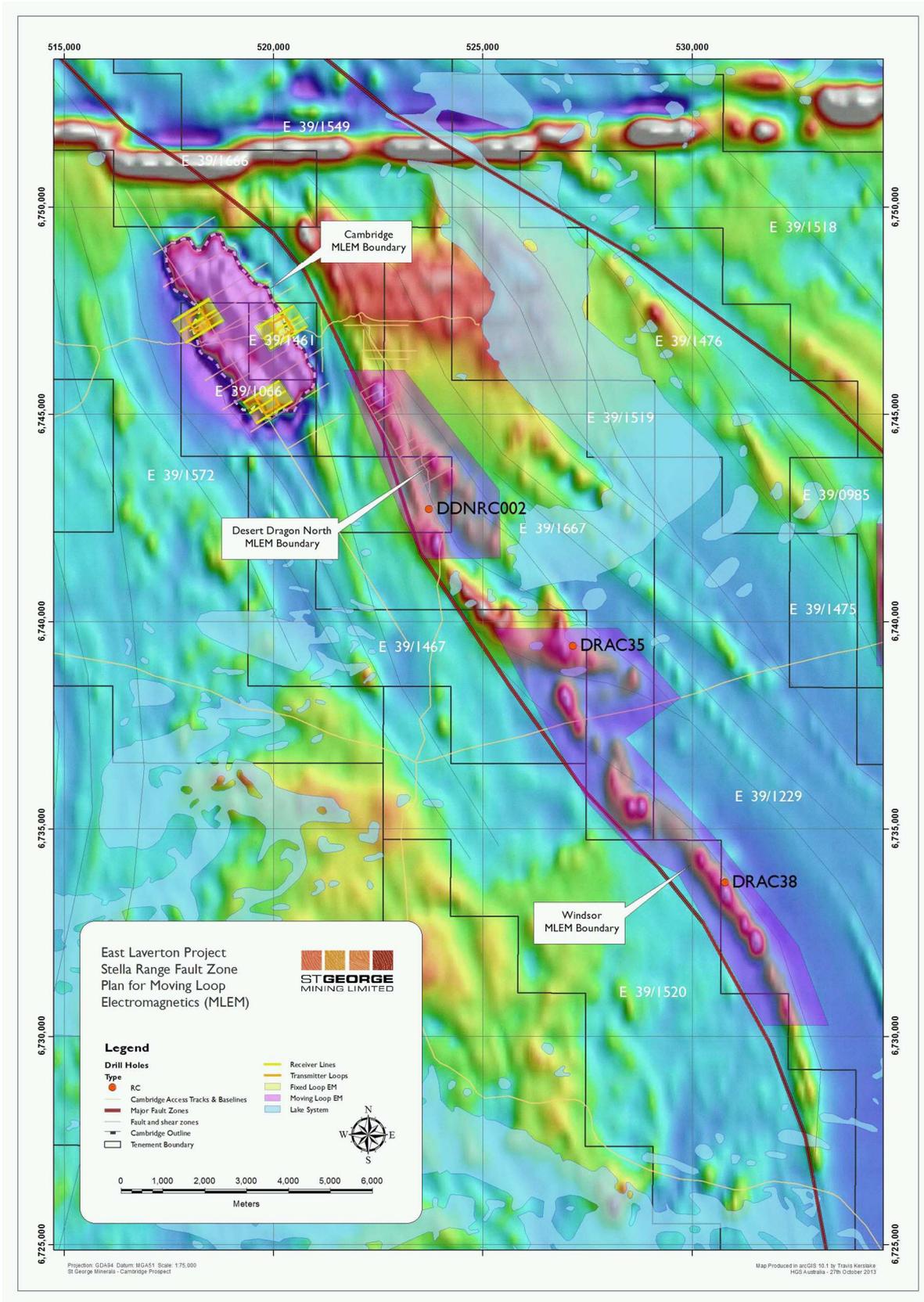


Figure 2 – this map illustrates the prospects on the Stella Range Belt being investigated by EM surveys currently underway



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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 Timothy Hronsky. Mr Hronsky 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 Hronsky 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 Hronsky consents to the inclusion of information in this announcement in the form and context in which it appears.