

29 November 2013

ST GEORGE COMMENCES DRILLING OF NICKEL TARGETS

HIGHLIGHTS

- **Deep diamond drilling of nickel targets begins today**
- **Initial target - Desert Dragon - has known zone of nickel sulphides**
- **Further drill targets likely to be generated by the ongoing electro-magnetic (EM) survey**
- **Highly regarded nickel specialist joins St George Mining team**

HIGH IMPACT DRILLING PROGRAMME BEGINS

St George Mining Limited (ASX: SGQ) (“St George Mining” or “the Company”) is pleased to announce that the deep diamond drilling programme to test high priority nickel targets at the Company’s 100% owned East Laverton Property will commence today.

The drilling programme is an ongoing campaign that is planned to continue into 2014, subject to a Christmas recess.

The first target to be tested will be at the Desert Dragon prospect.

This is a compelling target with a known zone of disseminated nickel sulphides intersected in 2012 by drill hole DRAC35 – **18m @ 0.40% Ni** (see our ASX Release of 21 November 2013 for information on this target). This zone may be peripheral to a massive nickel sulphide system.

Figure 1 illustrates the three planned holes for Desert Dragon. The actual holes drilled may vary depending on ground conditions encountered and interim drill results.

The primary aim of the drilling campaign at Desert Dragon is to test for massive sulphide nickel mineralisation at the basal contact beneath the nickel sulphide zone identified by the previous drilling.

John Prineas, Executive Chairman of St George Mining said:

“Desert Dragon offers an immediate opportunity for the discovery of massive nickel sulphides.

“This prospect was a priority exploration target under the Project Dragon farm-in. It is now 100% owned by St George and our shareholders will have full benefit of any exploration success.”

EM SURVEYS

The initial results from the EM surveys of prospects along the Stella Range Belt are currently being assessed and modelled.

An announcement will be made shortly regarding the EM conductors identified by the EM surveys.

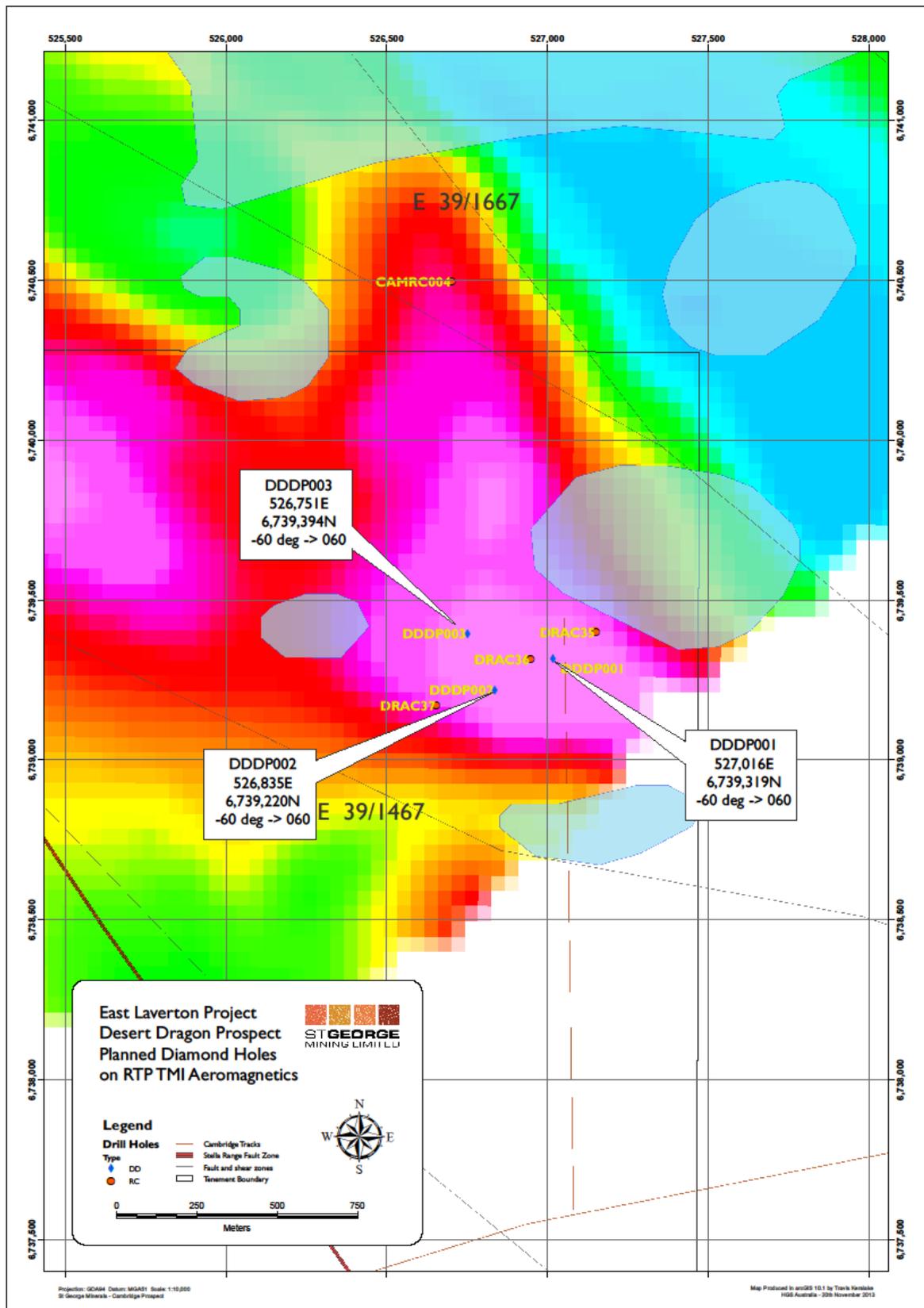


Figure 1 – the planned drill holes are within the magnetic high (hot pink) identified by the Total Magnetic Intensity map of Desert Dragon. These areas are thick ultramafic sequences with potential for massive sulphides.

TECHNICAL TEAM

St George Mining is pleased to confirm that the services of Mr Travis Kerlake have been engaged for this programme.

Travis Kerlake is a senior consulting geologist with a strong background in exploration in Australia and Africa. His experience includes nickel, gold and copper exploration for WMC Resources Ltd where he was on the team that discovered the world class Nebo-Babel nickel-copper-PGE deposit in the Western Musgraves, Western Australia.

Recently, Travis worked with Rox Resources Ltd (ASX: RXL) as a consulting geologist and was part of the team that carried out the discovery drilling for the Camelwood nickel sulphide deposit in Western Australia.

John Prineas, Executive Chairman of St George Mining said:

“Travis has a great track record in nickel exploration. We are delighted that he has joined our team as we embark on our most important drilling programme to date.”

St George has granted today the following unlisted options to Travis Kerlake under the Company’s Employee Incentive Option Plan:

- 200,000 Class B Options expiring 28 November 2014 with an exercise price of \$0.25; and
- 300,000 Class C Options expiring 28 November 2015 with an exercise price of \$0.40.

Further details of the terms and conditions of the options are in Annexure A.

For further information, please contact:

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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.

ANNEXURE A – TERMS AND CONDITIONS OF OPTIONS ISSUED

The Option entitles the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Option gives the Optionholder the right to subscribe for one Share.
- (b) Each Option will expire on the earlier of:
 - (i) the Optionholder ceasing to be retained or employed by the Company for any reason whatsoever (including without limitation resignation or termination for cause); or
 - (ii) in the case of:
 - (A) Class B Options – 5:00pm (WST) on 28 November 2014; and
 - (B) Class C Options - 5:00pm (WST) on 28 November 2015,**(Expiry Date).**
- (c) An Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) Subject to paragraph (m), the amount payable upon exercise of each Option is as follows:
 - (i) Class B Options – \$0.25; and
 - (ii) Class C Options - \$0.40,**(Exercise Price).**
- (e) The Options will vest as follows:
 - (i) Class B Options – 6 months from their date of issue; and
 - (ii) Class C Options – 12 months from their date of issue.
- (f) The Options held by each Optionholder may be exercised in whole or in part, and if exercised in part, multiples of 1,000 must be exercised on each occasion.
- (g) An Optionholder may exercise their Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Options specifying the number of Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Options being exercised;**(Exercise Notice).**

- (h) An Exercise Notice is only effective when the Company has received the full amount of the Exercise Price in cleared funds.
- (i) Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect to the number of Options specified in the Exercise Notice.
- (j) The Options are not transferable except with the prior written consent of the board of directors of the Company.
- (k) All Shares allotted upon the exercise of the Options will upon allotment rank pari passu in all respects with other shares.
- (l) The Company will not apply for quotation of the Options on ASX. However, the Company will apply for quotation of all Shares allotted pursuant to the exercise of Options on ASX within 10 Business Days after the date of allotment of those shares.
- (m) If at any time the issued capital of the Company is restructured, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.
- (n) There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 6 Business Days after the issue is announced. This will give Optionholders the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
- (o) An Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Option can be exercised.