



**ST GEORGE**  
MINING LIMITED

ABN 21 139 308 973

**HALF YEARLY REPORT FOR THE  
HALF YEAR ENDED 31 DECEMBER 2016**



**This Interim Financial Report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 30 June 2016 and any public announcements made by St George Mining Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.**

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**DIRECTORS' REPORT**

The Directors are pleased to submit their report on St George Mining Limited for the half-year ended 31 December 2016. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows.

**DIRECTORS**

The names of the Directors who held office during or since the end of the half-year are:

John Prineas B.EC, LL.B F FIN – Executive Chairman

Timothy Hronsky B.ENG (Geology) MAUSIMM, MSEG – Executive Director

Sarah Shipway B.Com, CA – Non-Executive Director

**REVIEW AND RESULTS OF OPERATIONS**

A summary of revenues and results for the half-year is set out below:

	<b>2016</b>	
	<b>Revenues</b>	<b>Results</b>
	<b>\$</b>	<b>\$</b>
Revenues and (Loss)	2,441,623	(348,704)

During the six months period the exploration and evaluation expenditure was \$2,364,514. In accordance with the Group's accounting policy these costs were written off. Administration costs were \$425,813. The income tax refund, pursuant to the Federal Government's Research and Development Tax Incentive Scheme for the year ended 30 June 2016 was \$2,339,861, resulting in a total loss for the six months of \$348,704.

**REVIEW OF OPERATIONS - FOR THE HALF YEAR PERIOD ENDED 31 DECEMBER 2016****HIGHLIGHTS**

- **MT ALEXANDER PROJECT:**
  - Mt Alexander confirmed as a significant high grade nickel-copper-PGE sulphide project in Western Australia with potential for near term development
  - St George discovers new high grade nickel-copper-PGE sulphides at Stricklands and Investigators extending the strike length of recurrent high grade mineralisation in the Cathedrals Belt to 3.5km
  - Major drill programme in the Cathedrals Belt planned for Q1 2017 that will include testing of high priority EM conductors identified by the latest deep search EM survey
  
- **EAST LAVERTON PROJECT:**
  - Drilling at the Ascalon gold prospect confirms an extensive hydrothermal system that is prospective for large-scale gold mineralisation
  - Drilling at the Bristol gold prospect confirms a large supergene gold footprint over 1,500m strike that may be associated with primary gold mineralisation
  
- **CORPORATE:**
  - Heavily over-subscribed capital raising in August 2016 secures \$6.47m
  - R&D cash rebate of \$2.33m received in October 2016
  - Strong balance sheet to fund growth

The Board is pleased to present the following Review of Operations for the half year period to 31 December 2016.

**MT ALEXANDER PROJECT**

The Company completed its second drill programme at Mt Alexander in July/August 2016, bringing the total amount of drilling at the Project in 2016 to 27 holes for 3,609.3m.

The drilling delivered outstanding results with nickel-copper-PGE sulphide mineralisation intersected in every EM conductor drill tested.

Important milestones achieved by St George at Mt Alexander are:

- Discovering further high grade nickel-copper-PGE sulphides at the Cathedrals Prospect, which substantially extended the area of mineralisation that was initially discovered by BHP Billiton Nickel West in 2008
- Making new discoveries of massive nickel-copper-PGE sulphides in the first ever drilling at the Stricklands and Investigators Prospects
- Increasing the strike length of recurrent nickel-copper-PGE sulphide mineralisation in the Cathedrals Belt from 400m to 3.5km

Preliminary metallurgical testwork was completed in October 2016 on a sample of massive sulphide mineralisation from the Cathedrals Prospect. Recovery of nickel and copper to bulk concentrate exceeded **99%**, demonstrating the exceptional amenability of the massive sulphide to the flotation process.

The saleable copper and nickel concentrates also contained high values of cobalt and PGEs, which would be recovered in the smelter stage.

The excellent metallurgical test results, combined with the shallow depth of mineralisation, high grades of nickel, copper, cobalt and PGEs, extensive strike length of mineralisation and the proximity to existing infrastructure will be favourable for the economics of a potential mining operation at Mt Alexander.

An airborne magnetic survey was completed during October 2016 over all four granted tenements at Mt Alexander. This generated new, high resolution magnetic data which identified new structures that have potential to host additional mineralised ultramafics. These areas, including a potential extension of the Cathedrals Belt to the east for an additional 8km strike, are being prioritised for follow-up exploration.

A new, deep search EM survey commenced at Mt Alexander in early November 2016. This FLEM survey uses the deep penetrating SAMSON system developed by GAP Geophysics. Initial modelling of the FLEM SAMSON data indicates that a number of new EM anomalies, which have properties consistent with massive sulphides, have been detected along the Cathedrals Belt.

These new EM targets are being prioritised for drilling in St George's next drill programme for Mt Alexander, planned for Q1 2017.



*Figure 1 - drill core from MAD31 showing coarse grained pentlandite within massive nickel-copper-PGE sulphides with assays of 1.57m @ 6.26%Ni, 2.71%Cu, 0.18%Co and 4.91g/t total PGEs from 111.67m.*



**ABOUT THE MT ALEXANDER PROJECT**

The Mt Alexander Project is located 120km south-southwest of the Agnew-Wiluna belt which hosts numerous world class nickel deposits. The Project comprises four granted exploration licences – E29/638, E29/548, E29/962 and E29/954.

The Cathedrals, Stricklands and Investigators nickel-copper-PGE discoveries are located on E29/638, which is held in joint venture by Western Areas Limited (25%) and St George (75%). St George is the Manager of the Project with Western Areas retaining a 25% non-contributing interest in the Project (in regard to E29/638 only) until there is a decision to mine.

**HAWAII PROJECT**

Since acquiring this Project from BHP Billiton Nickel West in October 2015, St George completed the first ever drilling to test the bedrock geology at Hawaii. Extensive greenstone sequences were encountered by the drilling and a follow-up exploration programme is planned for 2017.

The Hawaii Project is located 55km west of the Sinclair Nickel Project, owned by Talisman Mining Limited, and 90km southwest of the Cosmos Nickel Complex, owned by Western Areas Limited.

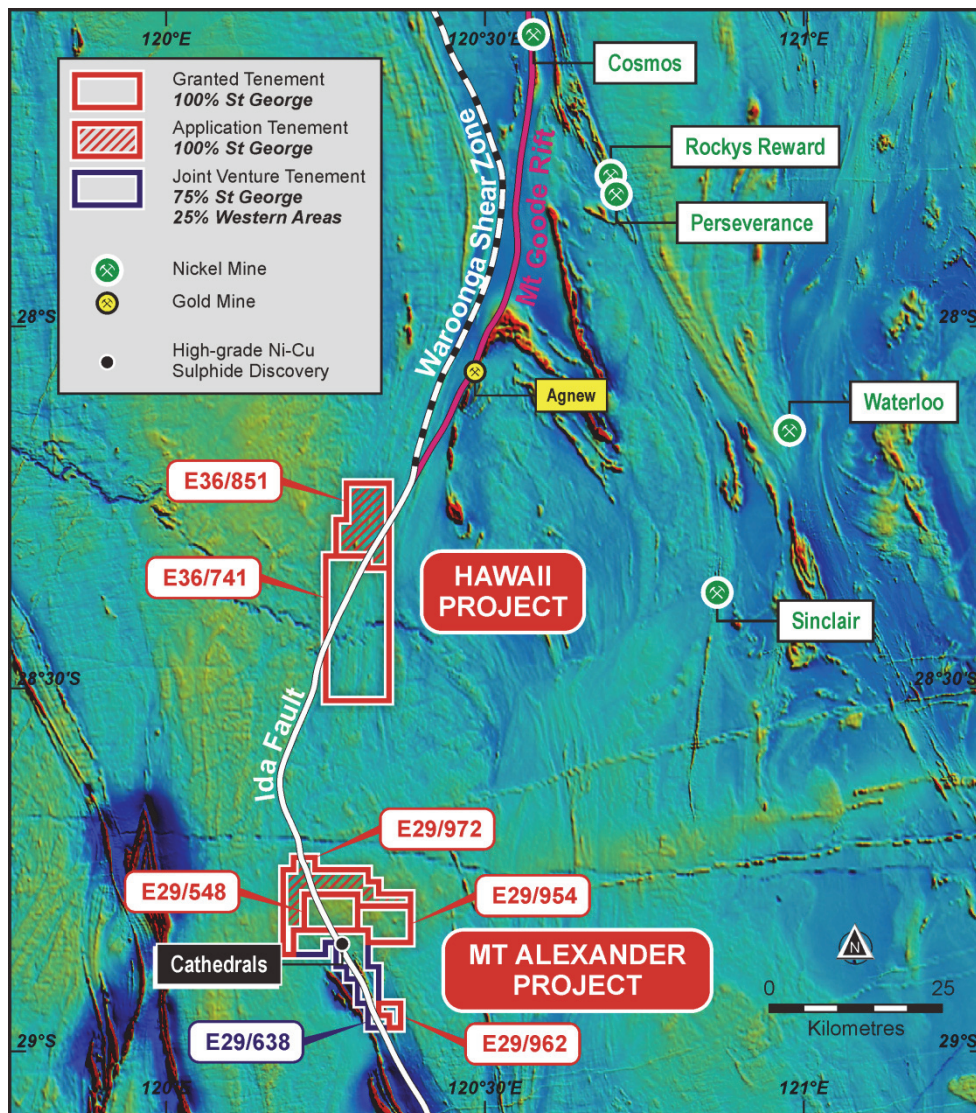


Figure 2 – a map (over TMI magnetics) showing the location of the Mt Alexander and Hawaii Projects near established infrastructure and world class mines.

**EAST LAVERTON PROJECT**

During the Half Yearly Period to 31 December 2016, exploration at the East Laverton Project focused on the drilling of high priority gold targets.

Ten RC (reverse circulation) drill holes for 2,000m of drilling were completed at the Ascalon prospect during Q3 2016. Drilling results confirmed a large and complex hydrothermal system at Ascalon that extends over a 2,000m of strike and remains open to the east, south and at depth.

Seventeen RC drill holes were completed at the Bristol prospect in Q3 2016 for 1,580m of drilling. Eleven of these seventeen RC drill holes intersected anomalous gold in the regolith over a strike of 1,500m. The extensive supergene gold at Bristol may be highlighting a proximal primary gold-bearing source.

Follow-up drill programmes for Ascalon and Bristol will be planned for 2017. Additional gold targets are currently being reviewed and generated for drilling in 2017.

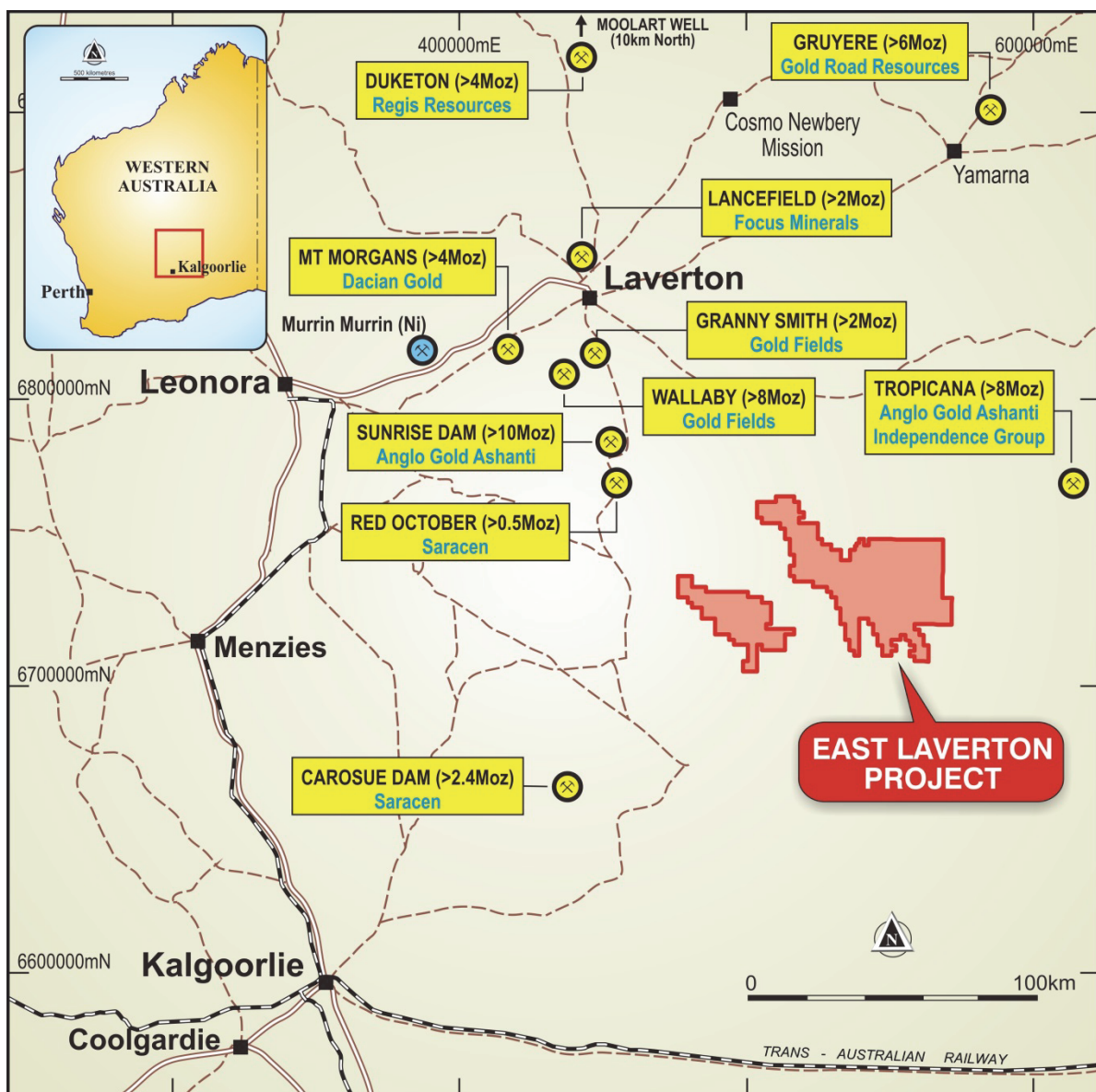


Figure 3 – a regional map of the NE Goldfields highlighting major discoveries and mines. The East Laverton Project is located in an underexplored region of the NE Goldfields.

**CORPORATE ACTIVITIES****Oversubscribed Capital Raising**

St George completed a private placement of ordinary shares in August 2016 that raised \$6.47 million. The placement was heavily oversubscribed, reflecting the very strong investor interest created by the Company's ongoing exploration success at the Mt Alexander high grade nickel-copper-PGE sulphide project.

Bell Potter Securities Limited acted as Lead Manager to the Placement, with Argonaut Securities Pty Ltd and RM Corporate Finance Pty Ltd as Co-Managers.

The Company allotted 43,165,470 fully paid ordinary shares at \$0.15 per share with one (1) free attaching option exercisable at \$0.20 on or before 30 June 2017 for every five (5) shares applied for. The options are part of the option series that trade under ASX code SGQOA.

After the allotment of the above securities, St George has the following listed securities on issue:

Fully Paid Ordinary Shares	250,359,725
Listed Options exercisable at \$0.20 on or before 30 June 2017	50,854,622

The shares issued under the private placement were issued pursuant to the Company's 15% placement capacity under ASX Listing Rule 7.1 and the Company's additional 10% placement capacity under ASX Listing Rule 7.1A.

A General Meeting of the Company was held on 30 September 2016 at which the capital raising was approved and ratified by shareholders.

**R&D Claim**

In October 2016, St George received a cash payment of \$2,336,000 pursuant to the Federal Government's R&D Tax Incentive Scheme.

The Company's 2015/2016 financial year tax return was assessed to include research and development expenditure eligible for the cash rebate under the Scheme, which is administered jointly by AusIndustry and the Australian Taxation Office.

**Exploration Development Incentive (EDI)**

St George participated in the EDI for the 2015/2016 tax year with \$379,830 of tax credits approved by the Federal Government. The credits were distributed to eligible shareholders of St George who held ordinary fully paid shares in the Company on 31 May 2016.

The EDI allows Australian resident shareholders to obtain a refundable tax offset for greenfields exploration undertaken by Australian junior exploration companies that do not derive any taxable income.

St George has applied to participate and have been approved for the EDI for the 2016/2017 tax year.

**Strong Balance Sheet**

As at 31 December 2016, St George had cash reserves of \$6.4m. The Company is well-funded to continue its exploration programmes at Mt Alexander and other projects, and to deliver exploration success.



The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves regarding the East Laverton Project is based on information compiled by Mr Tim Hronsky, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Tim Hronsky is employed by Essential Risk Solutions Ltd which has been retained by St George Mining Limited to provide technical advice on mineral projects.

The information in this report that related to Exploration Targets, Exploration Results, Minerals Resources or Ore Reserves regarding the Mt Alexander Project is based on information compiled by Mr Matthew McCarthy, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr McCarthy is employed by St George Mining Limited.

This ASX announcement contains information extracted from the following reports which are available on the Company's website at [www.stgm.com.au](http://www.stgm.com.au):

- 25 May 2016 *Gold Drill Programme at East Laverton*
- 16 June 2016 *Assays Confirm High Grade Mineralisation at Mt Alexander*
- 29 June 2016 *Nickel-Copper Sulphide Discovery at Stricklands*
- 11 July 2016 *Drill Programme for Mt Alexander Project*
- 29 July 2016 *East Laverton Gold Drilling – Update*
- 1 August 2016 *Nickel-Copper Sulphides Discovered at Investigators*
- 8 August 2016 *Drilling Extends Nickel-Copper Sulphide Belt*
- 17 August 2016 *Further Nickel-Copper Sulphides at Cathedrals*
- 24 August 2016 *Gold Drilling Progresses at East Laverton*
- 30 August 2016 *More Massive Sulphide Mineralisation at Investigators*
- 22 September 2016 *Assays Confirm Significant Nickel-Copper Mineralisation*
- 27 September 2016 *Deep Search EM Survey for Mt Alexander*
- 12 October 2016 *High Grade Nickel-Copper Sulphides at Mt Alexander*
- 20 October 2016 *Strong Results Continue at Mt Alexander*
- 9 November 2016 *Deep Search EM Commences at Mt Alexander*
- 22 November 2016 *Compelling Survey Results at Mt Alexander*
- 25 November 2016 *Gold Drilling at East Laverton*
- 7 December 2016 *Further Nickel-Copper Sulphide Targets*
- 19 December 2016 *Mt Alexander – Exploration Update*

The Company confirms that it is not aware of any new information or data that materially affects the exploration results included in any original market announcements referred to in this report and that no material change in the results has occurred. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

#### **Disclaimer**

This Report contains summary information about St George, its subsidiaries and their activities, which is current as at the date of this Report. The information in this Report is of a general nature and does not purport to be complete nor does it contain all the information which a prospective investor may require in evaluating a possible investment in St George.

There are a number of risks, both specific to St George and of a general nature, which may affect the future operating and financial performance of St George and the value of an investment in St George including but not limited to economic conditions, stock market fluctuations, mineral price movements, regional infrastructure constraints, timing of approvals from relevant authorities, regulatory risks and operational risks as well as reliance on key personnel.

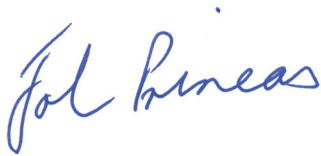
Except for statutory liability which cannot be excluded, each of St George, its officers, employees and advisors expressly disclaim any responsibility for the accuracy or completeness of the material contained in this Report and excludes all liability whatsoever (including in negligence) for any loss or damage which may be suffered by any person as a consequence of any information in this Report or any error or omission herefrom.

The Company is under no obligation to update any person regarding any inaccuracy, omission or change in information in this Report nor any obligation to furnish the person with any further information. Recipients of this Report should make their own independent assessment and determination as to the Company's prospects, its business, assets and liabilities as well as the matters covered in this Report.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

This report is made in accordance with a resolution of Directors.



John Prineas  
Executive Chairman  
**St George Mining Limited**  
8 February 2017

8 February 2017

Board of Directors  
St George Mining Limited  
Level 1  
115 Cambridge Street  
WEST LEEDERVILLE WA 6007

Dear Sirs

**RE: ST GEORGE MINING LIMITED**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of St George Mining Limited.

As Audit Director for the review of the financial statements of St George Mining Limited for the period ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**



**Samir Tirodkar**  
**Director**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

AUSTRALIAN DOLLAR (\$)	31 DECEMBER 2016	31 DECEMBER 2015
<b>REVENUE FROM CONTINUING OPERATIONS</b>		
Interest	35,022	9,219
Research and Development Tax Incentive	2,339,861	1,326,267
Other income	66,740	-
<b>EXPENDITURE</b>		
Administration expenses	(425,813)	(367,136)
Exploration expenditure written off	(2,364,514)	(3,641,724)
<b>LOSS BEFORE INCOME TAX</b>	<b>(348,704)</b>	<b>(2,673,374)</b>
Income tax benefit	-	-
<b>LOSS AFTER INCOME TAX</b>	<b>(348,704)</b>	<b>(2,673,374)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Items that will not be reclassified to Profit or Loss	-	-
Items that may be reclassified subsequently to Profit or Loss	-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>	<b>(348,704)</b>	<b>(2,673,374)</b>
<b>LOSS AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE COMPANY</b>	<b>(348,704)</b>	<b>(2,673,374)</b>
<b>COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF THE COMPANY</b>	<b>(348,704)</b>	<b>(2,673,374)</b>
<b>EARNINGS PER SHARE</b>		
Basic and diluted loss per share (cents)	(0.15)	(1.88)

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes



CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2016

AUSTRALIAN DOLLAR (\$)	NOTE	31 DECEMBER 2016	30 JUNE 2016
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		6,390,009	1,437,025
Trade and other receivables		27,137	66,786
Other assets		116,420	52,174
<b>TOTAL CURRENT ASSETS</b>		<b>6,533,566</b>	<b>1,555,985</b>
<b>NON-CURRENT ASSETS</b>			
Security bond		1,000	1,000
Plant and equipment		27,976	34,431
Exploration and evaluation expenditure		482,581	482,581
<b>TOTAL NON-CURRENT ASSETS</b>		<b>511,557</b>	<b>518,012</b>
<b>TOTAL ASSETS</b>		<b>7,045,123</b>	<b>2,073,997</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		282,483	1,106,980
Provisions		20,159	10,577
<b>TOTAL CURRENT LIABILITIES</b>		<b>302,642</b>	<b>1,117,557</b>
<b>TOTAL LIABILITIES</b>		<b>302,642</b>	<b>1,117,557</b>
<b>NET ASSETS</b>		<b>6,742,481</b>	<b>956,440</b>
<b>EQUITY</b>			
Contributed equity	3(a)	24,278,875	18,277,130
Share option reserve	3(b)	294,726	352,841
Accumulated losses		(17,831,120)	(17,673,531)
<b>TOTAL EQUITY</b>		<b>6,742,481</b>	<b>956,440</b>

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

Australian (\$)	SHARE CAPITAL	ACCUMULATED LOSSES	SHARE OPTIONS RESERVE	TOTAL EQUITY
	\$	\$	\$	\$
<b>Balance at 1 July 2016</b>	<b>18,277,130</b>	<b>(17,673,531)</b>	<b>352,841</b>	<b>956,440</b>
Profit (loss) for the period	-	(348,704)	-	(348,704)
Other comprehensive income	-	-	-	-
Total comprehensive income (loss) for the period	-	(348,704)	-	(348,704)
Shares issued during the period	6,474,820	-	-	6,474,820
Option based payments	-	-	133,000	133,000
Expiry of options	-	191,115	(191,115)	-
Share and option issue expenses	(473,075)	-	-	(473,075)
<b>Balance at 31 December 2016</b>	<b>24,278,875</b>	<b>(17,831,120)</b>	<b>294,726</b>	<b>6,742,481</b>
<b>Balance at 1 July 2015</b>	<b>12,373,816</b>	<b>(11,563,110)</b>	<b>222,933</b>	<b>1,033,639</b>
Profit (loss) for the period	-	(2,673,374)	-	(2,673,374)
Other comprehensive income	-	-	-	-
Total comprehensive income (loss) for the period	-	(2,673,374)	-	(2,673,374)
Shares and options issued during the period	2,310,451	-	60,000	2,370,451
Remuneration options issued during the period	-	-	11,100	11,100
Expiry of options	-	32,196	(32,196)	-
Share and option issue expenses	(180,794)	-	-	(180,794)
<b>Balance at 31 December 2015</b>	<b>14,503,473</b>	<b>(14,204,288)</b>	<b>261,837</b>	<b>561,022</b>

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED 31 DECEMBER 2016**

AUSTRALIAN DOLLAR (\$)	31 DECEMBER 2016	31 DECEMBER 2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Expenditure on mining interests	(3,124,156)	(2,970,610)
Payments to suppliers and employees	(530,620)	(509,592)
Interest received	26,764	6,473
Other – GST	39,648	10,803
Other income	66,742	-
Research and development grant	2,339,861	1,326,267
<b>Net cash outflow from operating activities</b>	<b>(1,181,761)</b>	<b>(2,136,659)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Tenement acquisition	-	(100,000)
Purchase of plant and equipment	-	-
<b>Net cash outflow from investing activities</b>	<b>-</b>	<b>(100,000)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Issue of shares net of capital raising costs	6,134,745	2,184,606
<b>Net cash inflow from financing activities</b>	<b>6,134,745</b>	<b>2,184,606</b>
Net (decrease)/increase in cash and cash equivalents	4,952,984	(52,053)
Cash and cash equivalents at the beginning of the half-year	1,437,025	1,569,200
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<b>6,390,009</b>	<b>1,517,147</b>

The above condensed consolidated statement of cash flows should be read  
in conjunction with the accompanying notes

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

These general purpose interim financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of St George Mining Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2016, together with any public announcements made during the half-year.

**Accounting Policies**

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except as noted below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards. St George Mining Limited has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half year. Their application in the financial statements is not material.

**Reporting Basis and Conventions**

The half-year report has been prepared on an accruals basis and is based on historical costs.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

**Going Concern Basis**

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the Company is dependent upon it maintaining sufficient funds for its operations and commitments. The directors continue to monitor the ongoing funding requirements of the Company.

The directors are confident that sufficient funding can be secured if required to enable the Company to continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.



**NOTE 2: SEGMENT INFORMATION**

The Group operates in predominantly one business and geographical segment, being mineral exploration in Australia.

**NOTE 3: ISSUED CAPITAL**

AUSTRALIAN DOLLAR (\$)	31 DECEMBER 2016 \$	31 DECEMBER 2015 \$
<b>(a) Issued and paid up capital</b>		
At the beginning of the reporting period	18,277,130	12,373,816
19 August 2016: 43,165,470 shares issued at \$0.15 per share	6,474,820	-
18 November 2015: 22,630,631 shares issued at \$0.08 per share	-	1,810,451
29 July 2015: 5,555,556 shares issued at \$0.09 per share	-	500,000
Transactions costs arising from issue of shares	(473,075)	(180,794)
<b>At reporting date 250,359,725 (31 December 2015: 160,025,857) fully paid ordinary shares</b>	<b>24,278,875</b>	<b>14,503,473</b>

	31 DECEMBER 2016 Number	31 DECEMBER 2015 Number
<b>Movements in Ordinary Shares</b>		
At the beginning of reporting period	207,194,255	131,839,670
Shares issued during the reporting period	43,165,470	28,186,187
<b>Balance at reporting date</b>	<b>250,359,725</b>	<b>160,025,857</b>

**(b) Share Option Reserve**

AUSTRALIAN DOLLAR (\$)	31 DECEMBER 2016 \$	31 DECEMBER 2015 \$
<b>Issued Options</b>		
At the beginning of the reporting period	352,841	222,933
Options issued – option based payments	133,000	60,000
Class D Options – share based payments	-	3,840
Class E Options – share based payments	-	7,260
Expiry of options transferred to accumulated losses	(191,115)	(32,196)
<b>At reporting date</b>	<b>294,726</b>	<b>261,837</b>
<b>Movements in Performance Shares</b>		
At the beginning of reporting period	-	-
Issued during the period	100	-
<b>Balance at reporting date</b>	<b>100</b>	<b>-</b>

## FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2016

Options to take up ordinary shares in the capital of the Company are as follows:

Exercise Period (On or Before)	Note	Exercise Price (\$)	Opening Balance 1 July 2016 Number	Options Issued Number	Options Exercised/Expired Number	Closing Balance 31 December 2016 Number
30.06.2017	(i), (ii)	\$0.20	38,721,528	12,133,094	-	50,854,622
30.06.2016	-	\$0.30	3,029,525	-	(3,029,525)	-
28.11.2016	-	\$0.30	600,000	-	(600,000)	-
28.11.2017	-	\$0.50	600,000	-	-	600,000

- (i) On 19 August 2016 the Company issued 8,633,094 Listed Options under a placement to institutional investors.
- (ii) On 2 December 2016 the Company issued 3,500,000 Listed Options for advisory services provided in relation to the August 2016 placement to institutional investors.

### NOTE 4: CONTINGENCIES

	CONSOLIDATED	
	31 DECEMBER 2016 \$	31 DECEMBER 2015 \$
Estimate of the potential financial effect of contingent liabilities that may become payable.		
<b>Contingent Liabilities</b>	-	-
	-	-

### NOTE 5: SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 December 2016, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

### NOTE 6: ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

#### *Future Rehabilitation*

The Group measures the cost of future rehabilitation in relation to its tenements based on probable cost estimations at the date upon which tenements are altered from their original state. Estimated values are determined using local data available. No rehabilitation provision is considered necessary at 31 December 2016.

**NOTE 7: SUBSIDIARIES**

The parent entity, St George Mining Limited, has 100% interest in Desert Fox Resources Pty Ltd and Blue Thunder Resources Pty Ltd. St George Mining Limited is required to make all the financial and operating decisions of these subsidiaries.

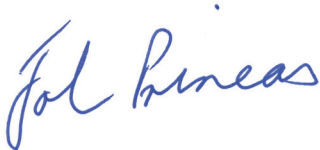
<b>Subsidiaries of St George Mining Limited</b>	<b>Country of Incorporation</b>	<b>Percentage Owned %</b>	
		<b>2016</b>	<b>2015</b>
Desert Fox Resources Pty Ltd	Australia	100%	100%
Blue Thunder Resources Pty Ltd	Australia	100%	100%

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 12 to 19 are in accordance with the Corporations Act 2001 and:
  - (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
  - (b) give a true and fair view of the financial position as at 31 December 2016 and of the performance for the 6 months ended on that date of the Group;
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



John Prineas

**Executive Chairman**

St George Mining Limited

Perth, 8 February 2017



**INDEPENDENT AUDITOR'S REVIEW REPORT  
TO THE MEMBERS OF  
ST GEORGE MINING LIMITED**

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of St George Mining Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2016, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, and condensed consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for St George Mining Limited ("the consolidated entity"). The consolidated entity comprises both St George Mining Limited ("the company") and the entities it controlled during the half year.

*Directors' Responsibility for the Half-Year Financial Report*

The directors of St George Mining Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of St George Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

*Independence*

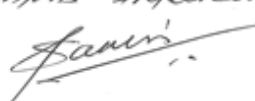
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of St George Mining Limited on 8 February 2017.

*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of St George Mining Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

**STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD**  
**(Trading as Stantons International)**  
**(An Authorised Audit Company)**

*Stantons International Audit and Consulting Pty Ltd*  


**Samir Tirodkar**  
**Director**

West Perth, Western Australia  
8 February 2017