

25 June 2014

## **ST GEORGE ADDS FURTHER HIGH QUALITY NICKEL TARGETS TO EAST LAVERTON DRILLING CAMPAIGN**

### **HIGHLIGHTS:**

- **Additional EM conductors identified at Desert Dragon, including a Category One target**
- **Drilling scheduled for this week**
- **Regional moving loop electromagnetic (MLEM) survey to recommence next week on further prospect areas**

### **NEW STRONG EM CONDUCTORS**

St George Mining Limited (ASX: **SGQ**) ('St George Mining' or 'the Company') is pleased to announce the identification of two new high quality EM (electromagnetic) conductors on the Stella Range ultramafic belt. The EM anomalies are situated within the Desert Dragon nickel prospect at the Company's 100% owned East Laverton Property in Western Australia.

These strong EM anomalies were identified by the MLEM survey completed along the Stella Range belt earlier this year. The interpretation of these anomalies is consistent with bedrock conductors that are prospective for massive nickel sulphide mineralisation.

A fixed loop EM (FLEM) survey was completed over these anomalies last week to enhance the modelling and definition of the conductive bodies. The FLEM survey has confirmed these EM conductors, named Dragon 2 and Dragon 3, are high quality targets for massive sulphide mineralisation. Figure 1 illustrates the location of the new EM conductors.

Newexco, the Company's geophysical adviser, has rated the Dragon 2 conductor as a Category One target and recommended immediate drilling. Dragon 3 is rated as a high level Category Two target. The Company plans to start drilling of these targets this week.

### **ONGOING MLEM SURVEY**

The Company's systematic exploration of nickel targets at the East Laverton Property is continuing with the MLEM survey scheduled to recommence next week over high priority areas that have yet to be tested.

The first prospects to be surveyed are the Athena prospect on the Minigwal belt and the Cambridge North prospect on the northern extension of the Stella Range belt. Figure 2 illustrates these priority target areas.

The Company anticipates that the ongoing MLEM survey will generate further high quality targets for drill testing in Phase 2 of the 2014 nickel sulphide drilling campaign planned for later in the year.

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

"Initial results from our drilling programme continue to strongly support the case for massive nickel sulphide mineralisation at our East Laverton Property.

“The comprehensive MLEM survey is generating more EM conductors for testing and we are excited to have another two quality targets to drill now. We expect further conductors to be identified at the new prospects, which will be surveyed over the coming weeks.

“We are confident that this systematic exploration of the extensive ultramafic belts at our East Laverton Property – which are already proven to be fertile for nickel sulphides – will maximise our ability to deliver exploration success.”

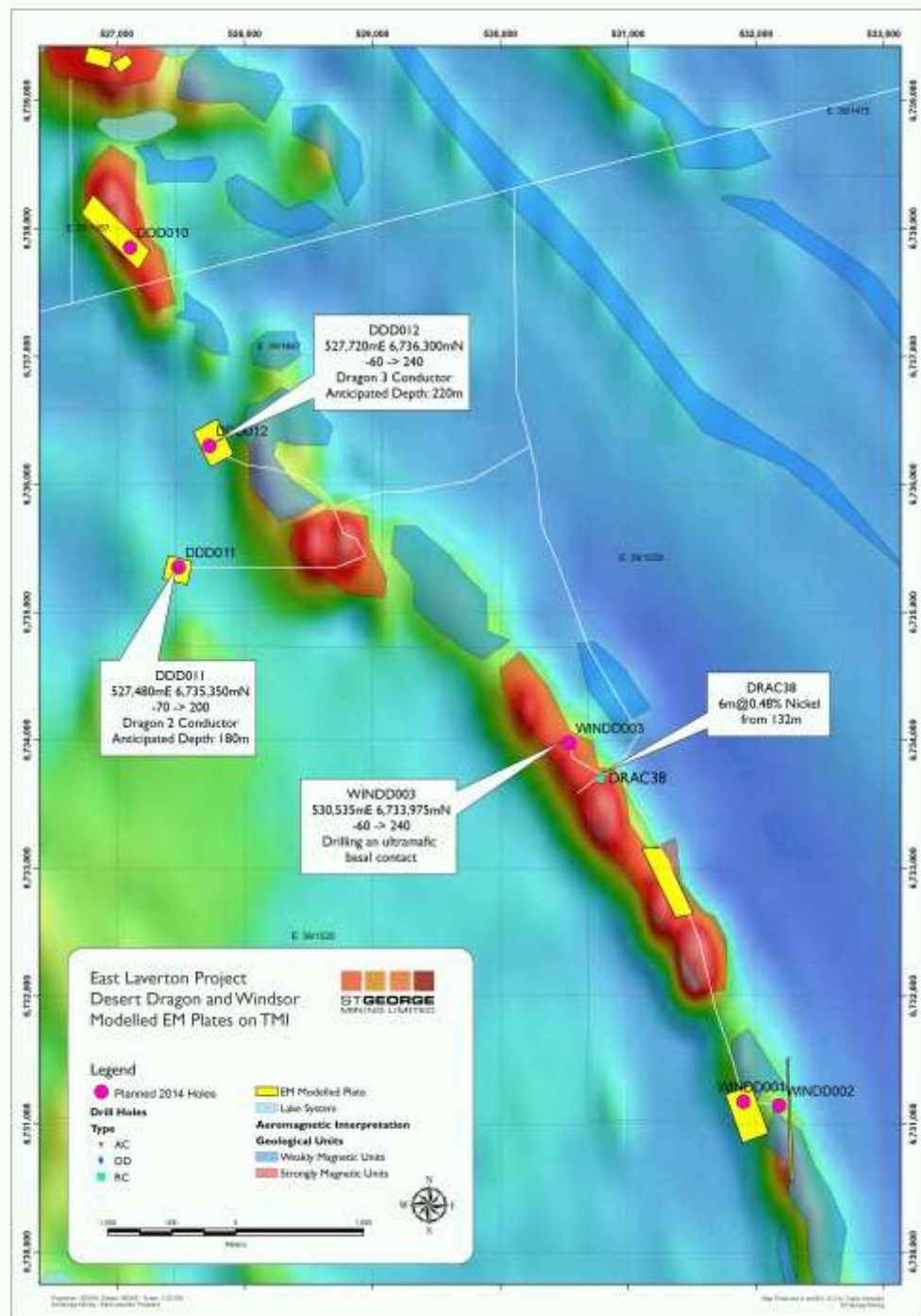


Figure 1 – magnetics map with the new EM conductors at Desert Dragon to be tested by planned holes DDD011 and DDD012 respectively. WINDD003 is a new hole planned to test the ultramafic on strike from DRAC38 (30m @ 0.31% Ni from 108m incl. 6m @ 0.48% Ni from 132m).

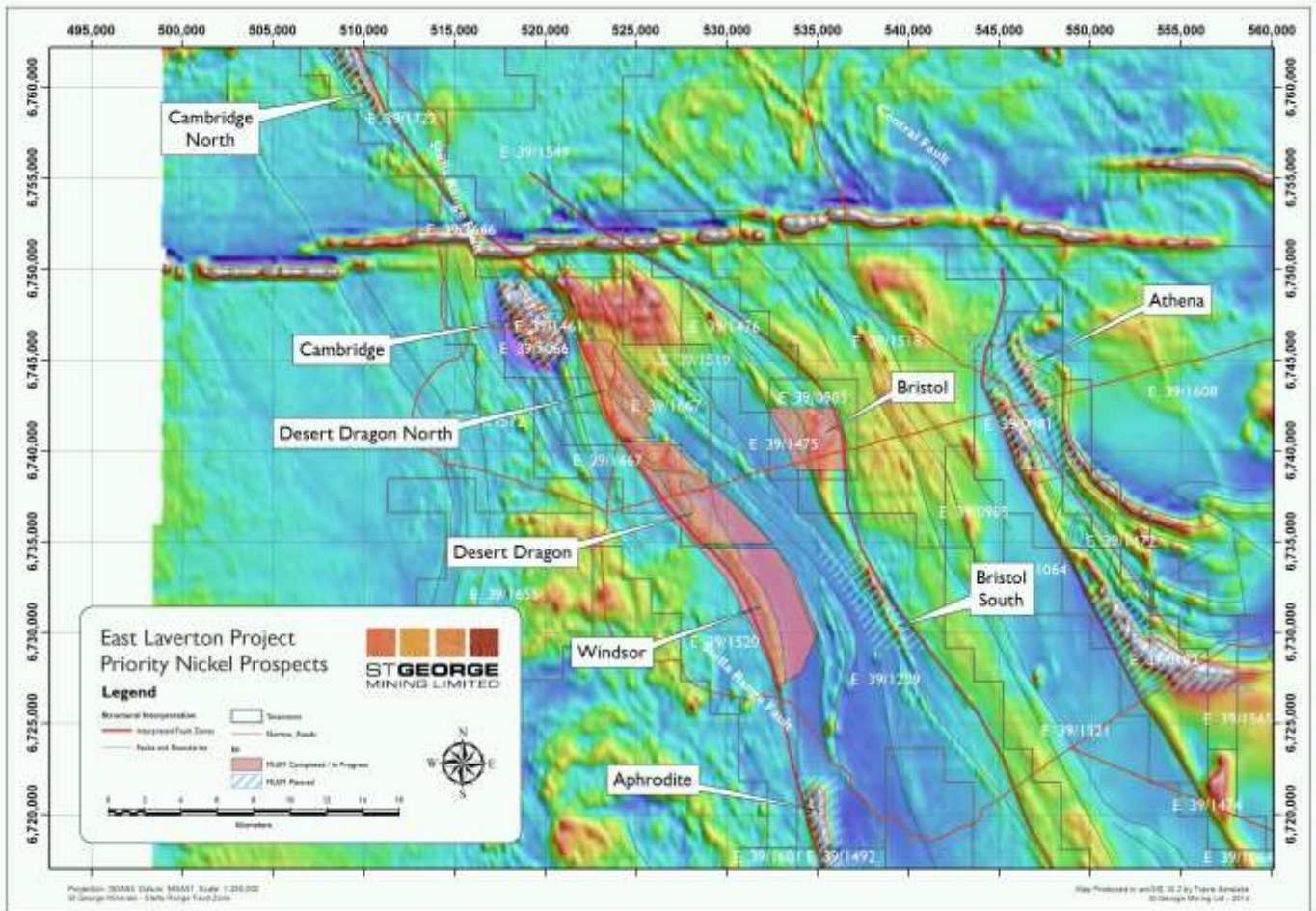


Figure 2 – this map illustrates the high priority nickel prospects being covered by the MLEM survey. Athena and Cambridge North are the next prospects to be surveyed.

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## **Competent Person Statement:**

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

Mr Hronsky has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hronsky consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in any original market announcements referred to in this report, and that all material assumptions and technical parameters underpinning the announcements continue to apply and have not materially changed. 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.

The information in this announcement that relates to Exploration Results and Mineral Resources as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' is based on information compiled by Mr 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.

**The following sections are provided for compliance with requirements for the reporting of exploration results under the JORC Code, 2012 Edition.**

**Section 1 Sampling Techniques and Data**

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
<b>Sampling techniques</b>	<i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	<p>This ASX Release dated 25 June 2014 reports on the results of a moving loop electromagnetic (MLEM) survey being carried out at the Company's East Laverton Property in the NE Goldfields, as well as fixed loop electromagnetic (FLEM) surveys over specific conductors identified by the MLEM. The ASX Release does not report any new drilling, assay or other sampling exploration work.</p> <p>The MLEM and FLEM surveys are designed and managed by Newexco, with field work contracted to Bushgum Pty Ltd.</p> <p>Key specifications of the MLEM survey are:</p> <p>Stations Spacing: 100m</p> <p>Loop: 400m, 200m</p> <p>Line Spacing: 400m</p> <p>Components: x y z</p> <p>Orientation: X along line (local east - positive).</p> <p>Line direction: 58.35, 90 degrees</p> <p>Frequency: 0.5, 0.25 Hz</p> <p>Channels: SMARTem Standard.</p> <p>Receiver: Fluxgate</p> <p>Number turns: 1</p> <p>Current: Typically 50 A.</p> <p>Repeats: Minimum 3 consistent readings per station.</p> <p>The FLEM survey was conducted with two transmit loops, each with two lines of data.</p>
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Field calibration of the survey instruments using standards is undertaken each day. A minimum of 3 consistent readings per station are taken to ensure accuracy of data collected.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report.</i>	The ASX Release does not report any drilling or assay sampling exploration.
	<i>In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	
<b>Drilling techniques</b>	<i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	The ASX Release does not report any drilling or assay sampling exploration.

Criteria	JORC Code explanation	Commentary
<b>Drill sample recovery</b>	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	The ASX Release does not report any drilling or assay sampling exploration.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	The ASX Release does not report any drilling or assay sampling exploration.
	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i>	The ASX Release does not report any drilling or assay sampling exploration.
<b>Logging</b>	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	The ASX Release does not report any drilling or assay sampling exploration.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	The ASX Release does not report any drilling or assay sampling exploration.
	<i>The total length and percentage of the relevant intersections logged.</i>	The ASX Release does not report any drilling or assay sampling exploration.
<b>Sub-sampling techniques and sample preparation</b>	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	The ASX Release does not report any drilling or assay sampling exploration.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	The ASX Release does not report any drilling or assay sampling exploration.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	The ASX Release does not report any drilling or assay sampling exploration.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	The ASX Release does not report any drilling or assay sampling exploration.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	The ASX Release does not report any drilling or assay sampling exploration.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i>	The ASX Release does not report any drilling or assay sampling exploration.

Criteria	JORC Code explanation	Commentary
<b>Quality of assay data and laboratory tests</b>	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	The ASX Release does not report any drilling or assay sampling exploration.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	Specifications for the MLEM/FLEM survey are noted above. Digital data was supplied by Bushgum. The recorded response ( $\mu\text{V}$ ) was normalised by transmitter current (A) by the SMARTem. B-field data were converted from $\mu\text{V}/\text{A}$ into $\text{pT}/\text{A}$ by a multiplication factor of 0.35.
	<i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	A minimum of 3 consistent readings per station are taken to ensure accuracy of data collected. Field data was inspected for repeatability and consistent decays. Where multiple recordings were made and differed significantly, the outlying record was deleted using Agent99 and other proprietary software.
<b>Verification of sampling and assaying</b>	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	The ASX Release does not report any drilling or other sampling exploration work.
	<i>The use of twinned holes.</i>	The ASX Release does not report any drilling or assay sampling exploration.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	The ASX Release does not report any drilling or assay sampling exploration.
	<i>Discuss any adjustment to assay data.</i>	The ASX Release does not report any drilling or assay sampling exploration.
<b>Location of data points</b>	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	The ASX Release does not report any drilling or assay sampling exploration.
	<i>Specification of the grid system used.</i>	Each station for the MLEM survey was located using the GDA94, MGA Zone 51 coordinate system with a GPS programmed with this datum (+/- 5m). Stations were located with minimal flagging.
	<i>Quality and adequacy of topographic control.</i>	See above.
<b>Data spacing and distribution</b>	<i>Data spacing for reporting of Exploration Results.</i>	Data readings were taken at stations spaced 100m apart with 400m loops. Where required, infill readings were taken to enhance data collection.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	The ASX Release does not report any drilling or assay sampling exploration.
	<i>Whether sample compositing has been applied.</i>	The ASX Release does not report any drilling or assay sampling exploration.
<b>Orientation of data in relation to geological structure</b>	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	The ASX Release does not report any drilling or assay sampling exploration.

Criteria	JORC Code explanation	Commentary
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	The ASX Release does not report any drilling or assay sampling exploration.
<b>Sample security</b>	<i>The measures taken to ensure sample security.</i>	The ASX Release does not report any drilling or assay sampling exploration.
<b>Audits or reviews</b>	<i>The results of any audits or reviews of sampling techniques and data.</i>	No detailed audits or reviews have been conducted at this stage.

## Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
<b>Mineral Tenement and Land Status</b>	<p><i>Type, name/reference number, location and ownership including agreements or material issues with third parties including joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i></p> <p><i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i></p>	<p>The moving loop electromagnetic (MLEM) survey discussed in this ASX Release has covered areas that are within Exploration Licences E39/1461, E39/1066, E39/1667, E39/1467, E39/1520 and E39/1229 which are part of the Company's East Laverton Property in the NE Goldfields.</p> <p>Each tenement is 100% owned by Desert Fox Resources Pty Ltd, a wholly owned subsidiary of St George Mining. E39/1229 and E39/1467 are subject to a 2% Net Smelter Royalty in favour of a third party.</p> <p>None of the tenements are the subject of a native title claim. No environmentally sensitive sites have been identified at any of the tenements.</p> <p>The tenements are in good standing and no known impediments exist.</p>
<b>Exploration Done by Other Parties</b>	<i>Acknowledgment and appraisal of exploration by other parties.</i>	<p>In 2012, BHP Billiton Nickel West Pty Ltd (Nickel West) completed a reconnaissance RC (reverse circulation) drilling programme at certain tenements at the East Laverton Property as part of the Project Dragon farm-in arrangement between Nickel West and the Company. That farm-in arrangement has been terminated.</p> <p>The results from the Nickel West drilling programme were reported by the Company in its ASX Release dated 25 October 2012 "Drill Results at Project Dragon". Drilling intersected primary nickel sulphide mineralisation and established the presence of fertile, high MgO ultramafic sequences at the East Laverton Property.</p> <p>Prior to the Project Dragon drilling programme, there was no systematic exploration for nickel sulphides at the East Laverton Property. Historical exploration in the region was dominated by shallow RAB and aircore drilling, much of which had been incompletely sampled, assayed, and logged. This early work was focused on gold rather than nickel sulphide exploration.</p>
<b>Geology</b>	<i>Deposit type, geological setting and style of mineralisation</i>	<p>The East Laverton Property is located in the NE corner of the Eastern Goldfields Province of the Archean Yilgarn Craton of Western Australia.</p> <p>The project area is proximally located to the Burtville-Yarmana terrane boundary and the paleo-cratonic marginal setting is consistent with the extensive komatiites and carbonatite magmatism found on the property.</p>



Criteria	JORC Code explanation	Commentary
		<p>The area is largely covered by Permian glaciogene sediments (Patterson Formation), which is subsequently overlain by a thinner veneer of more recent sediments and aeolian sands. As a result the geological knowledge of the belt has previously been largely inferred from gravity and magnetic data and locally verified by drill-hole information and multi-element soil geochemical surveys.</p> <p>The drilling at the East Laverton Property has confirmed extensive strike lengths of high-MgO olivine-rich rocks across three major ultramafic belts. Ultramafic rocks of this composition are known to host high grade nickel sulphides.</p>
<b>Drill hole information</b>	<p>A summary of all information material to the understanding of the exploration results including tabulation of the following information for all Material drill holes:</p> <ul style="list-style-type: none"> <li>• Easting and northing of the drill hole collar</li> <li>• Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar</li> <li>• Dip and azimuth of the hole</li> <li>• Down hole length and interception depth</li> <li>• Hole length</li> </ul>	<p>This ASX Release relates to electromagnetic surveys currently underway at the East Laverton Property. There are no new drill holes to disclose. Significant intersections from historical holes are listed in the attached Table 1.</p> <p>Drill hole information on historical drill hole DDNRC002 is also found in the Company's ASX Release dated 11 April 2013 "St George Provides Exploration Update" and which is available to view on <a href="http://www.stgm.com.au">www.stgm.com.au</a>.</p>
<b>Data aggregation methods</b>	<p>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</p>	<p>The ASX Release does not report any drilling or assay sampling exploration.</p>
	<p>Where aggregated intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</p>	<p>The ASX Release does not report any drilling or assay sampling exploration.</p>
	<p>The assumptions used for any reporting of metal equivalent values should be clearly stated.</p>	<p>The ASX Release does not report any drilling or assay sampling exploration.</p>
<b>Relationship between mineralisation widths and intercept lengths</b>	<p>These relationships are particularly important in the reporting of exploration results.</p> <p>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. down hole length, true width not known).</p>	<p>The ASX Release does not report any drilling or assay sampling exploration.</p>
<b>Diagrams</b>	<p>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plane view of drill hole collar locations and appropriate sectional views.</p>	<p>Relevant maps are included in the body of the ASX Release.</p>
<b>Balanced Reporting</b>	<p>Where comprehensive reporting of all Exploration Results is not practical, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</p>	<p>The MLEM survey is ongoing and only interim results can be reported at this stage.</p>

Criteria	JORC Code explanation	Commentary
<b>Other substantive exploration data</b>	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observation; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	<p>In 2011, a regional, partial-leach, soil geochemical survey was completed on a staggered 500 m sample grid over a large part of the East Laverton Property. Samples were assayed at the SGS laboratory in Perth using a weak leach and XRF analysis. This identified elevated Ni-Cu soil values in a number of areas across the East Laverton Property.</p> <p>A regional geochemical survey conducted by the Geological Survey of Western Australia (GSWA) in the area also identified several highly anomalous and coincident Ni-Cu soil values as reported by the Company in its ASX Release dated 27 September 2012 “St George Accelerates Cambridge Nickel Prospect Exploration” and which is available to view on <a href="http://www.stgm.com.au">www.stgm.com.au</a>.</p> <p>All other meaningful and material information has been included in the body of the ASX Release.</p>
<b>Further Work</b>	<p><i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large – scale step – out drilling).</i></p> <p><i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i></p>	<p>The MLEM survey is ongoing. Drill targets will be selected once the survey is completed and EM anomalies are modelled. Further discussion on future exploration is included in the body of the ASX Release.</p>

HOLE ID	NORTHIN G (m)	EASTIN G (m)	DIP (deg)	AZM (deg)	DEPT H (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
<b>DRAC38</b>	6733696	530786	-60	250	298	108	138	30	0.31	10	31
						132	138	6	0.48	40	48
						132	134	2	0.62	92	53
<b>DDNRC002</b>	6742718	523717	-60	59	246	53	60	7	0.54		
						53	55	2	1.08		

Table 1 to 2012 JORC Section – Significant intersections in DRAC35, DRAC38 and DDNRC002.

These historical holes are the first identification of nickel sulphides at the East Laverton Property. For further details on DRAC35 and DRAC38, see the ASX Release dated 25 October 2012 “Drill Results at Project Dragon”. For further details on DDNRC002, see the ASX Release dated 11 April 2013 “St George Provides Exploration Update”. These ASX Releases are available to view on the Company’s website at [www.stgm.com.au](http://www.stgm.com.au)