ST GEORGE MINING LIMITED

ABN 21 139 308 973

HALF YEARLY REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2019

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 2019 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 2019. 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
Sarah Shipway B.Com, CA – Non-Executive Director
John Dawson B.Com – Non-Executive Director

REVIEW AND RESULTS OF OPERATIONS

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

	31 DECEMBER 2019	
	Revenues	**Results**
	$	**$**
Revenues and (Loss)	14,165	(5,525,653)

During the six months period the exploration and evaluation expenditure was $4,181,486. In accordance with the Group's accounting policy these costs were written off. Administration costs were $1,184,357 and share based payments expense were $173,975, resulting in a total loss for the six months of $5,525,653.

REVIEW OF OPERATIONS

The Board is pleased to present the Review of Operations for the half-year ended 31 December 2019.

MT ALEXANDER PROJECT:

Ongoing exploration programmes at the Mt Alexander Project delivered excellent results with highlights including:

New discovery at the Radar Prospect:

- **Fourth shallow, high-grade nickel-copper discovery at the Cathedrals Belt ….. and counting**
- **Exploration success supports potential for further deposits along strike and down-dip**

Successful extensional drilling continues:

- **Deeper drilling confirms continuation of mineralisation down-plunge of shallow high-grade sulphide deposits**
- **DHEM surveys in deeper holes identify multiple off-hole EM conductors that are interpreted as likely to represent further massive nickel-copper sulphides**

New EM survey adds to large bank of EM targets:

- **New SQUID MLEM survey identifies EM anomalies in unexplored areas, including at the West End and Fish Hook Prospects**
- **New EM targets added to more than 30 EM conductors at Investigators Prospect that remain untested from 2019**

Above: photo of drill core with massive nickel-copper sulphides in MAD157 at 195.84m downhole

Radar Prospect – New Discovery:

A significant shallow discovery of nickel-copper sulphides was made during the second half of 2019 at the Radar Prospect – located in an unexplored section of the Cathedrals Belt situated 1.2km east of known mineralisation.

MAD152, the first drill hole at the Radar Prospect, intersected thick nickel-copper sulphides that returned assays of:

***6m @ 2.14%Ni, 0.74%Cu and 1.62g/t PGEs from 46m**, including*

2.55m @ 4.29%Ni, 1.46%Cu and 3g/t PGEs from 49.05m

Follow-up exploration is continuing at Radar, with the latest moving loop electromagnetic (MLEM) survey identifying EM anomalism to the west of the discovery hole. This target will be drilled in 2020 to test for extensions of the Radar high-grade mineralisation.

Figure 1 – drill core from MAD152 with massive sulphides that returned assays of 4.29% Ni, 1.46% Cu and 3g/t PGEs from 49.05m

The success at Radar highlights the prospectivity of unexplored areas of the Cathedrals Belt for further nickel-copper sulphides, particularly the underexplored West End and Fish Hook Prospects.

The east-west strike of known high-grade mineralisation along the Cathedrals Belt is extended by the Radar discovery to 5.5km encompassing four shallow discoveries at Investigators, Stricklands, Cathedrals and Radar. Such an extensive strike of mineralisation is indicative of a large mineral system that is likely to host significant mineralisation at depth in addition to the shallow deposits already discovered.

Extensional Drilling Confirms Continuity of Mineralisation:

The intrusive system at the Cathedrals Belt is characterised by mafic-ultramafic intrusions that host nickel-copper sulphides which have passed upwards from the Earth's mantle through major east-west orientated faults located in the northern section of the Cathedrals Belt.

These types of magmatic intrusive systems can extend to significant depths as seen in similar North American deposits such as Raglan (Northern Quebec) and Eagle (Michigan).

Until now, there has been very limited drilling beyond 200m from surface at the Cathedrals Belt. The latest deeper drill holes all successfully intersected nickel-copper sulphides and/or the host mafic-ultramafic intrusive stratigraphy – confirming the continuity of mineralisation down-dip.

Figure 2 shows a 3D wireframe of the mineralised ultramafic at Investigators, which is interpreted to dip towards the north-northwest at 30-40 degrees with continuity of mineralisation in the down-dip direction.

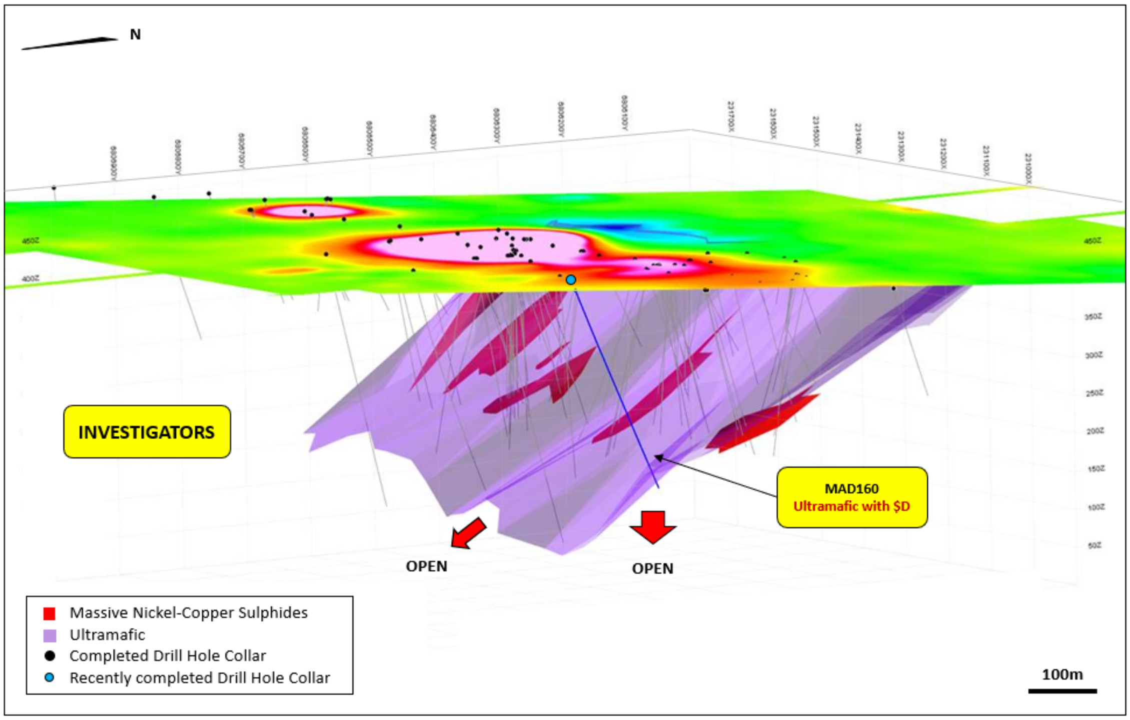

Figure 2 – 3D orthographic view (looking south-east) of the Investigators ultramafic showing drill holes and known massive nickel-copper sulphide mineralisation. The surface image is the large SAMSON EM anomaly at Investigators. The latest drill results confirm that mineralisation is open down-plunge.

Figure 3 is a long section of that part of the Investigators Prospect where recent deeper drill holes have been completed and highlights the extensive strike of mineralised ultramafic in this area.

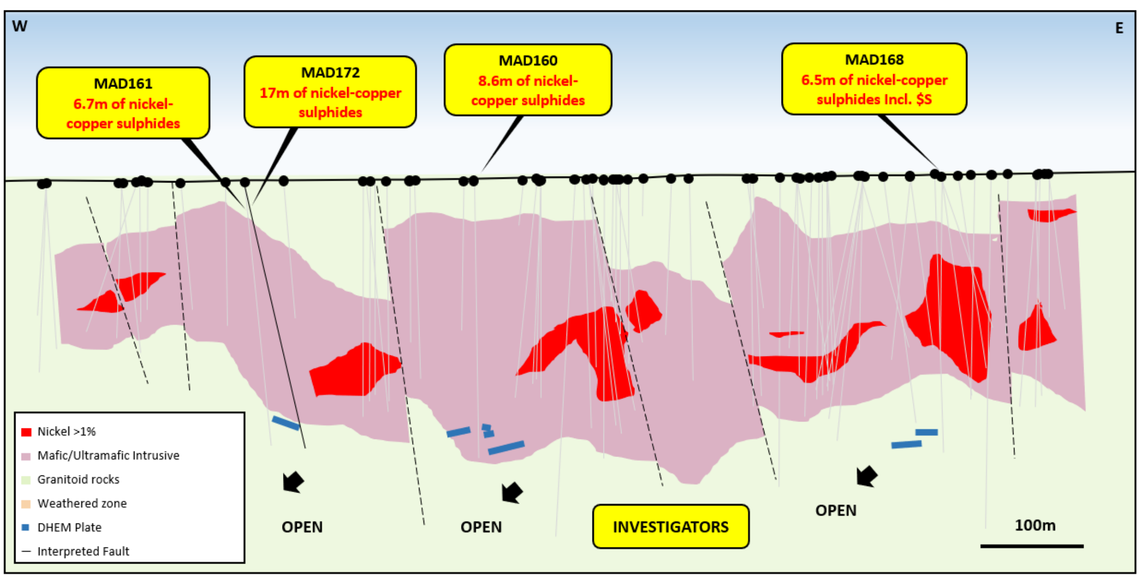

Figure 3 – schematic long section (+/-50m, looking north) of Investigators showing drill hole traces and location of new EM conductors down-plunge of known mineralisation.

SQUID MLEM Survey Adds to Large Bank of EM Targets:
A new MLEM survey across the Cathedrals Belt commenced during the December 2019 quarter and was completed in early 2020 with multiple new EM anomalies identified for drilling and further exploration at the Fish Hook, West End, Radar and Stricklands Prospects.

These new EM targets add to the already large bank of EM targets identified at the Project that remain untested. In particular, 30 of the 42 EM anomalies identified at Investigators in 2019 and scheduled for drilling remain untested and will be prioritised for drilling in the 2020 drill programme.

Many of these EM anomalies are situated between 50m to 100m from known occurrences of nickel-copper sulphides, and represent an excellent opportunity to add significant volumes of sulphides to the known mineralisation at Investigators.

Figure 4 illustrates the areas investigated by the latest MLEM survey. This optimised MLEM survey uses a high temperature SQUID (superconducting quantum interference device) sensor that serves to minimise noise levels from conductive cover.

The survey also utilises both traditional in-loop and Slingram configurations – the latter uses a sensor outside of the survey loop, which further minimises any interference from conductive cover.

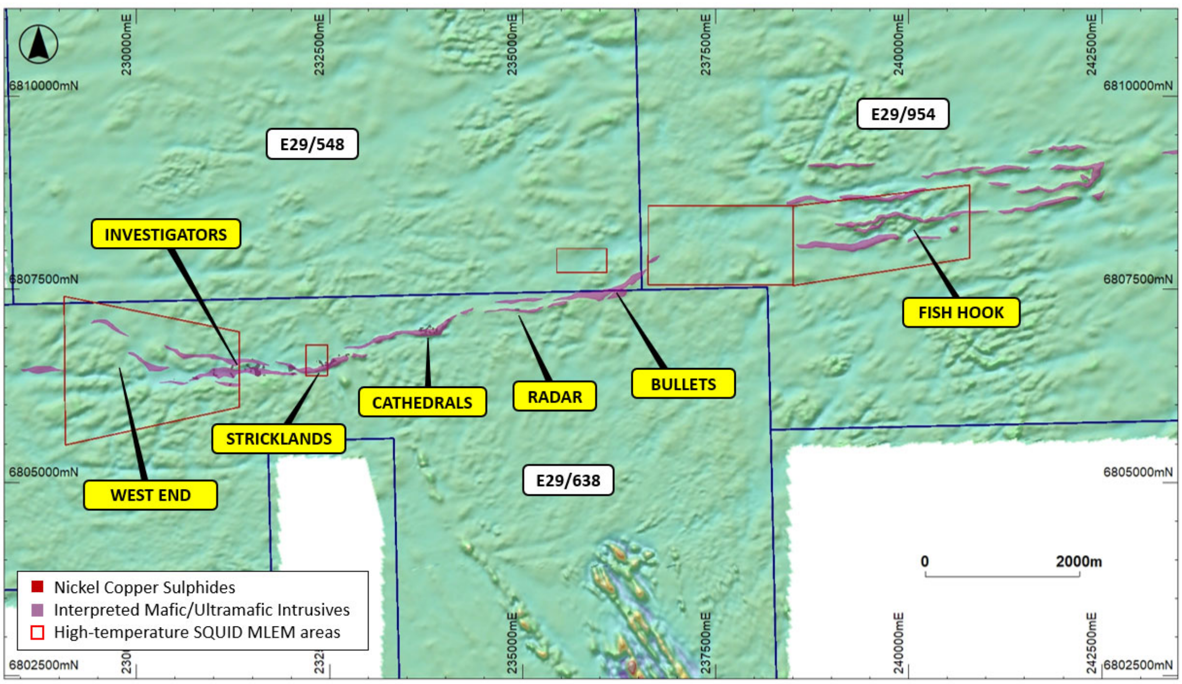

Figure 4 – map of the Cathedrals Belt (against RTP 1VD magnetic data) showing the key prospects and the areas planned for SQUID MLEM surveys.

Emerging High Priority Targets – Fish Hook and West End:
The Fish Hook and West End Prospects are respectively located on the eastern and western extensions of the Cathedrals Belt. These areas are underexplored and offer an opportunity for a new greenfields discovery along the highly mineralised Cathedrals Belt.

At Fish Hook, the SQUID MLEM survey has identified new EM anomalies that are coincident with linear magnetic features – interpreted from drilling in other parts of the Cathedrals Belt to be intrusive mafic-ultramafic units.

In addition, the new EM anomalies are also proximal to the large high-order nickel and copper soil anomaly identified at Fish Hook which strongly supports the presence of nickel-copper sulphides at Fish Hook.

The West End Prospect covers the interpreted extension of the Cathedrals Belt from Investigators towards the Ida Fault in the west.

The SQUID MLEM survey has identified new EM anomalies at West End – situated to the north-northwest of the high-grade discoveries at Investigators where similar EM anomalies were recorded.

The new West End EM targets may represent the down-plunge continuation of the Investigators nickel-copper sulphide deposits and will be tested in the 2020 drill programme.

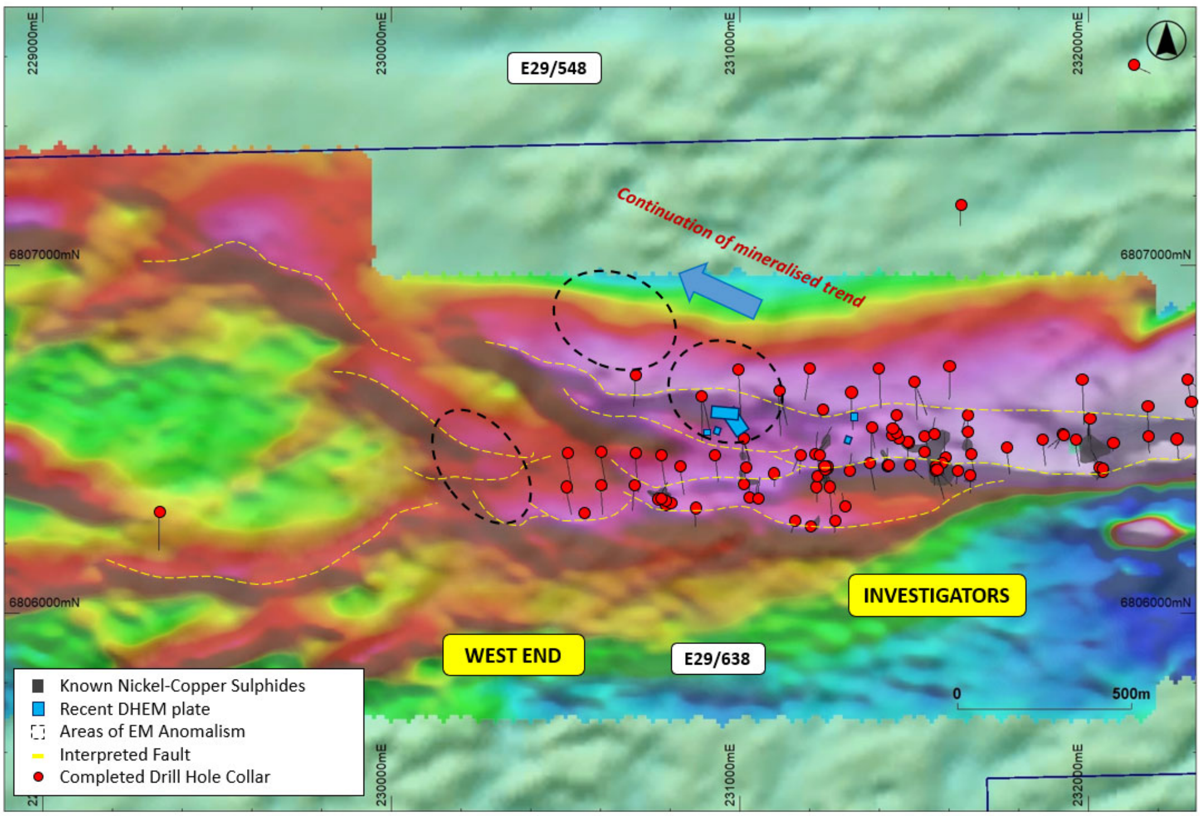

Figure 5 – SAM (MMC) image and drilling overlaying magnetics (TMI RTP 1VD) at West End. Red/purple colours map the ultramafic trend, with new EM anomalies situated within unexplored extensions of ultramafic.

Mt Alexander Scoping Study Initiated:

Environmental Work: Flora and fauna base line studies were completed at Mt Alexander during November/December 2019. The surveys have not identified any rare flora or potential issues to date, with final reports pending.

These surveys will be used to prepare an environmental impact assessment that can support potential mining proposals for Mt Alexander.

Metallurgical Testwork: Drill hole MAD177 was drilled for the purpose of providing samples for further metallurgical testwork to be completed with third party contractors in Perth and in Canada.

MAD177 intersected *6*.15m of massive nickel-copper sulphides from 184.75m downhole with average XRF values of 8.1% Ni, 2.69% Cu (XRF values are preliminary and metal values are to be confirmed by laboratory assays).

The new testwork will look to confirm that seperate saleable nickel and copper concentrates can be produced from the Mt Alexander ore. In addition, the testwork will aim to maximise the recovery of gold and platinum group elements.

Assays of the Mt Alexander mineralisation have shown that palladium comprises about 80% of the platinum group elements, creating potential for very significant payabilities.

Figure 6 (on right): Photograph of drill core for MAD177 at approx. 185m. Coarse grained pentlandite and chalcopyrite is observed.

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 five granted exploration licences – E29/638, E29/548, E29/962, E29/954 and E29/972.

The Cathedrals, Stricklands. Investigators and Radar nickel-copper-cobalt-PGE discoveries are located on E29/638, which is held in joint venture by St George (75%) and Western Areas Limited (25%). 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.

PATERSON PROJECT

The Paterson Province is one of the most highly endowed mineral provinces in Australia, and hosts the giant Nifty (2Mt Cu) and Telfer (27M oz Au) deposits. The region remains underexplored with a number of significant discoveries recently announced including Rio Tinto's Winu Project.

St George has secured prospective ground in the Province with the grant on 17 December 2019 of Exploration Licence E45/5226. The tenement is located in the north-eastern portion of the Paterson Province, within the eastern margin of the Yeneena Basin.

Figure 7 illustrates the regional location of the new St George tenement. Another tenement – Exploration Licence E45/4522 – is in the application phase and expected to be granted to St George during 2020.

St George's granted exploration licence covers more than 35km strike of prospective stratigraphy, with potential similarities to the stratigraphy that hosts Winu, Nifty and Telfer.

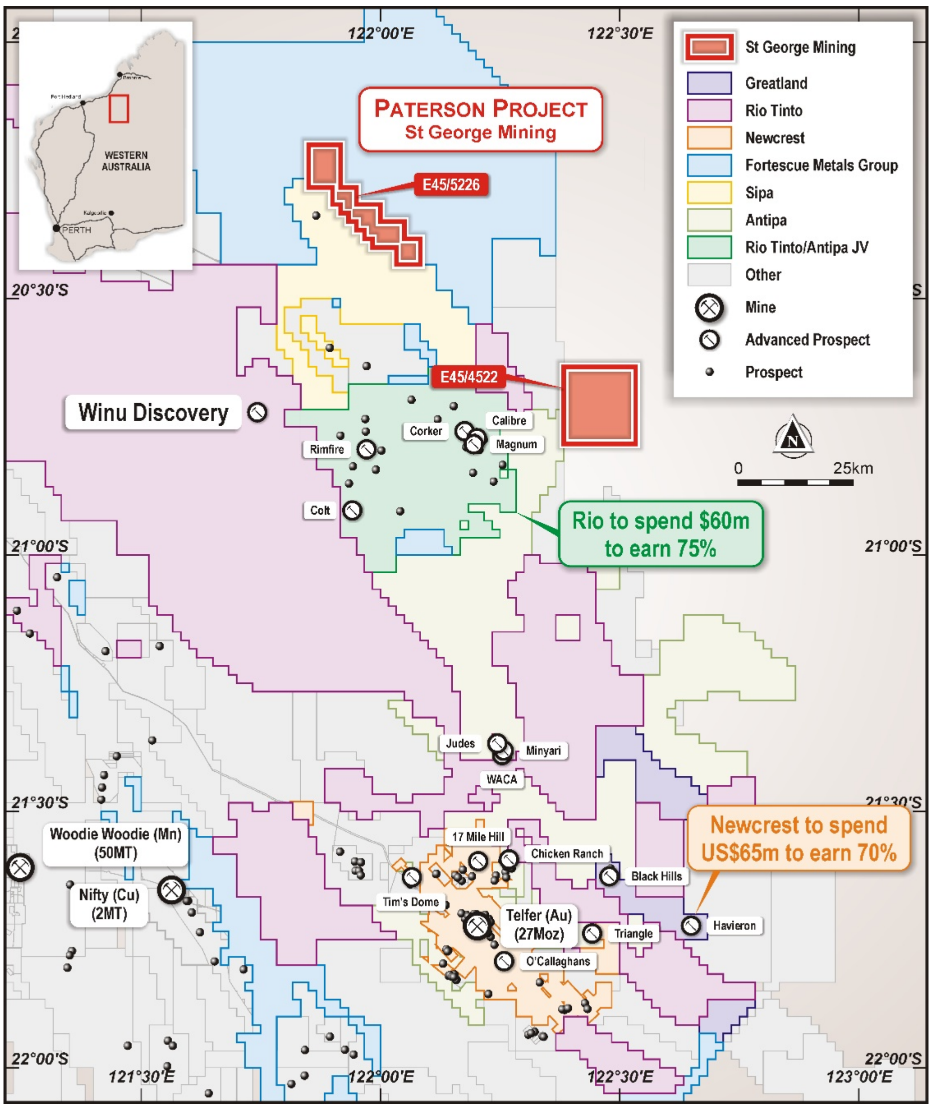

Figure 7 – map showing St George's tenement in the Paterson Province as well as other projects in the region, with major farm-in deals highlighted

Regional magnetic and gravity data has highlighted a number of key structures and tectonic features within the St George tenure, supporting the potential for sedimentary base metal deposits and orogenic gold mineralisation.

EAST LAVERTON PROJECT

The East Laverton Project covers approximately 2,000 sq km and hosts a number of important structures and stratigraphic sequences that are interpreted to be prospective for gold and base metal mineralisation. Several prospects have been established at the Project. St George believes that the Project areas remain underexplored.

A project scale review and targeting exercise was initiated during the quarter. The review was conducted by our technical team in conjunction with geological consultants CSA Global.

A number of high quality gold and VMS base metal targets were identified, with further exploration recommended.

The Company is considering further exploration as well as strategic options for the 100%-owned East Laverton Project.

CORPORATE

In July 2019, the Company completed a placement of new shares which raised $3,300,000 through the issue of 33,000,000 fully paid ordinary shares at $0.10 per share.

In October 2019, $5,795,000 was raised through the placement of 38,633,333 fully paid ordinary shares at $0.15 per share. In addition, a corporate loan facility of $850,000 was repaid in full through the issue of 5,666,667 fully paid ordinary shares at $0.15 per share.

Following the above share issuances, the Company had listed securities on issue of:

Fully Paid Ordinary Shares - 412,611,265
Listed Options exercisable at $0.20 on or before 30 September 2020 - 24,576,114

The Company has no loan facilities from 31 October 2019.

SUBSEQUENT EVENTS

There is no matter or circumstance that has arisen since 31 December 2019, 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.

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 13.

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

John Prineas
Executive Chairman
St George Mining Limited
13 March 2020

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

13 March 2020

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 half year ended 31 December 2019, 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

Martin Michalik

Martin Michalik
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

AUSTRALIAN DOLLAR ($)	NOTES	31 DECEMBER 2019	31 DECEMBER 2018
REVENUE FROM CONTINUING OPERATIONS			
Interest		14,165	34,370
Research and Development Tax Incentive		-	524,182
EXPENDITURE			
Administration expenses		(1,184,357)	(1,274,215)
Share based payments	4(b)	(173,975)	(97,355)
Exploration expenditure written off		(4,181,486)	(3,907,262)
LOSS BEFORE INCOME TAX		**(5,525,653)**	**(4,720,280)**
Income tax benefit		-	-
LOSS AFTER INCOME TAX		**(5,525,653)**	**(4,720,280)**
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassfied to Profit or Loss		-	-
Items that may be reclassified subsequently to Profit or Loss		-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		**(5,525,653)**	**(4,720,280)**
LOSS AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE COMPANY		**(5,525,653)**	**(4,720,280)**
COMPREHENSIVE INCOME LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF THE COMPANY		**(5,525,653)**	**(4,720,280)**
EARNINGS PER SHARE			
Basic and diluted loss per share (cents)		(1.46)	(1.58)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

AUSTRALIAN DOLLAR ($)	NOTE	31 DECEMBER 2019	30 JUNE 2019
CURRENT ASSETS			
Cash and cash equivalents		4,287,653	3,337,486
Trade and other receivables		3,494	22,313
Other assets		111,116	399,417
TOTAL CURRENT ASSETS		**4,402,263**	**3,759,216**
NON-CURRENT ASSETS			
Security bond		20,499	1,000
Plant and equipment		40,937	50,384
ROU Assets	9(a)	75,847	-
TOTAL NON-CURRENT ASSSETS		**137,283**	**51,384**
TOTAL ASSETS		**4,539,546**	**3,810,600**
CURRENT LIABILITIES			
Trade and other payables		1,003,754	3,553,417
Provisions		115,349	117,304
Lease liability	9(b)	42,475	-
Borrowings	3	-	854,424
TOTAL CURRENT LIABILITIES		**1,161,578**	**4,525,145**
NON-CURRENT LIABILITIES			
Lease liability	9(b)	35,865	-
TOTAL NON-CURRENT LIABILITIES		**35,865**	**-**
TOTAL LIABILITIES		**1,197,443**	**4,525,145**
NET ASSETS/(NET LIABILITIES)		**3,342,103**	**(714,545)**
EQUITY			
Contributed equity	4(a)	43,774,795	34,366,720
Share option reserve	4(b)	381,797	476,722
Accumulated losses		(40,814,489)	(35,557,987)
TOTAL EQUITY		**3,342,103**	**(714,545)**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2019

Australian ($)	SHARE CAPITAL $	ACCUMULATED LOSSES $	SHARE OPTIONS RESERVE $	TOTAL EQUITY $
Balance at 1 July 2019	**34,366,720**	**(35,557,987)**	**476,722**	**(714,545)**
Profit (loss) for the period	-	(5,525,653)	-	(5,525,653)
Other comprehensive income	-	-	-	-
Total comprehensive income (loss) for the period	-	(5,525,653)	-	(5,525,653)
Shares issued during the period	9,945,720	-	-	9,945,720
Share based payments	-	-	174,226	174,226
Expiry of options	-	269,151	(269,151)	-
Share and option issue expenses	(537,645)	-	-	(537,645)
Balance at 31 December 2019	**43,774,795**	**(40,814,489)**	**381,797**	**3,342,103**
Balance at 1 July 2018	**30,514,215**	**(25,963,459)**	**212,142**	**4,762,898**
Profit (loss) for the period	-	(4,720,280)	-	(4,720,280)
Other comprehensive income	-	-	-	-
Total comprehensive income (loss) for the period	-	(4,720,280)	-	(4,720,280)
Shares issued during the period	-	-	-	-
Share based payments	-	-	97,355	97,355
Expiry of options	-	-	-	-
Share and option issue expenses	(2,797)	-	-	(2,797)
Balance at 31 December 2018	**30,511,418**	**(30,683,739)**	**309,497**	**137,176**

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

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2019

AUSTRALIAN DOLLAR ($)	31 DECEMBER 2019	31 DECEMBER 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	(5,834,206)	(2,830,022)
Payments to suppliers and employees	(1,560,256)	(1,332,960)
Interest received	11,258	34,988
Research and development grant	-	524,182
Net cash outflow used in operating activities	**(7,383,204)**	**(3,603,812)**
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of plant and equipment	-	(31,963)
Net cash outflow used in investing activities	**-**	**(31,963)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Issued of shares net of capital raising costs	8,565,226	(137,159)
Loan facility provided	58,000	-
Interest on loans and facility	(265,640)	-
Lease payment	(24,215)	-
Net cash inflow/(outflow) from financing activities	**8,333,371**	**(137,159)**
Net inflow/(outflow) in cash and cash equivalents	950,167	(3,772,934)
Cash and cash equivalents at the beginning of the half-year	3,337,486	5,948,692
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	**4,287,653**	**2,175,758**

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

CONDENSED 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 2019 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. This financial report was authorised for issue in accordance with a meeting of the Board of Directors on 11 March 2020. 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 2019, 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. The Group had to change its accounting policies and make adjustments as a result of adopting the following Standard

AASB 16: Leases

The impact of the adoption of this Standard and the respective accounting policies is disclosed in Change in Accounting Policies below.

Changes in Accounting Policies

The Group has considered the implications of new and amended Accounting Standards which have become applicable for the current financial reporting period.

This note describes the nature and effect of the adoption of AASB 16: Leases on the Group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019, where they are different to those applied in prior periods.

As a result of the changes in Group's accounting policies, prior year financial statements were required to be restated. However, the Group has adopted AASB 16: Leases retrospectively with the cumulative effect of initially applying AASB 16 recognised as 1 July 2019.

The Group has applied a modified restrospective apprach to the existing lease agreements. Under the chosen approach commencement date of the existing lease for the purpose of AASB 16 was considered the date the initial application, or 1 July 2019. A a result there was no effect to the net assets as at the date of initial application.

Leases

The Group as lessee

At inception of a contract the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (i.e. leases with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows;

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of options to terminate the lease.

The right-of-use asses comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the costs of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

Initial Application of AASB 16: Leases

The Group has recognised a lease liability and right-of-use asset for all leases (with exception of short-term and low value leases) recognised as operating leases under AASB 117: Leases where the Group is a lessee.

Lease liabilities are measured at the present value of the remaining lease payments as at 1 July 2019. The Group's incremental borrowing rate as at 1 July 2019 was used to discount the lease payments.

The right-of-use assets were measured at an amount equal to the lease liability at the date of iniital application, discounted using the Group's incremental borrowing rate per lease term as at 1 July 2019. The right-of-use assets have been recognised in the statement of financial position as at 1 July 2019.

There was no impact to the net assets on initial application as a result of the chosen approach.

The following practical expedients have been used by the Group in applying AASB 16 Leases for the first time:

- For a portfolio of leases that have been reasonably similar characteristics, a single discount rate has been applied.
- Leases that have remaining lease term of less than 12 months as at 1 July 2019 have been accounted for in the same way as short-term lease.
- The use of hindsight to determine lease terms or contracts that have options to extend or terminate.

The Group's weighted average incremental borrowing rate on 1 July 2019 applied to the lease liabilities was 11.24%.

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 Directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The Consolidated Entity has recorded a net accounting loss of $5,525,653 and net operating cash outflows of $7,383,204 for the six months ended 31 December 2019.

Equity raisings or debt financing arrangements will be required in the future to fund the Company's activities. The Directors are assessing a number of options in respect of equity and debt financing arrangements, and have reasonable expectations that further funding will be arranged to meet the Company's objectives. There is no certainty that new funding will be successfully completed to provide adequate working capital for the Company.

The Board is confident that the Group will have sufficient funds to finance its operations in the next 12 months following successful completion of equity raisings or debt financing arrangements.

NOTE 2: SEGMENT INFORMATION

The Group operates in predominantly one business and geographical segment, being mineral exploration in Australia. The information shown in the Condensed Statement of Financial Position and Statement of Profit or Loss and Other Comprehensive Income is the same as the business segment.

NOTE 3: BORROWINGS

	31 DECEMBER 2019 $	30 JUNE 2019 $
Credit Facility		
At the beginning of the period	792,000	-
Credit facility drawn down	58,000	942,000
Repayment of credit facility	(850,000)	(150,000)
At the end of the period	**-**	**792,000**
Interest accrued		
At the beginning of the period	62,424	-
Accrued in the period	43,030	62,424
Repaid during the period	(105,454)	-
At the end of the period	**-**	**62,424**
Balance outstanding at the end of the period	**-**	**854,424**

Unsecured Credit Facility

The credit facility was unsecured and the key terms of the credit facility were as follows:

- Credit facility of $850,000, the Company has repaid $850,000;
- Establishment fee of 7.5%;
- 12-month repayment term, being 29 January 2020;
- Interest rate of 15%;
- 100% of the interest is capitalised and repayable on loan maturity;
- The credit facility was unsecured; and
- There was no loan covenants.

The Company entered into a facility of $1.0m in the prior year, during the year ended 30 June 2019 the Company had repaid $150,000.

On 30 October 2019 the Company issued 5,666,667 fully paid ordinary shares at $0.15 per share to repay the loan facility draw down. The interest of $105,454 less $10,545 withholding tax, was paid in cash.

NOTE 4: ISSUED CAPITAL

AUSTRALIAN DOLLAR ($)	31 DECEMBER 2019 $	30 JUNE 2019 $
(a) Issued and paid up capital		
At the beginning of the reporting period	34,366,720	30,514,215
Shares issued during the period from share placements	9,945,000	4,091,060
Shares issued on exercise of Listed Options	720	-
Transactions costs arising from issue of shares	(537,645)	(238,555)
At reporting date 412,611,265 (30 June 2019: 335,307,665) fully paid ordinary shares	**43,774,795**	**34,366,720**

NOTE 4: ISSUED CAPITAL (CONTINUED)

Movements in Ordinary Shares	31 DECEMBER 2019 Number	30 JUNE 2019 Number
At the beginning of reporting period	335,307,665	298,116,211
Shares issued during the reporting period	77,303,600	37,191,454
Balance at reporting date	**412,611,265**	**335,307,665**

(b) Share Option Reserve

AUSTRALIAN DOLLAR ($)	31 DECEMBER 2019 $	30 JUNE 2019 $
Issued Options/Performance Rights		
At the beginning of the reporting period	476,722	212,142
Performance rights (i)	173,975	264,580
Options issued	251	
Expiry of options transferred to accumulated losses	(269,151)	-
Transactions costs arising from issue of shares	-	-
At reporting date	**381,797**	**476,722**

(i) Performance Rights

Movements in Performance Rights	31 DECEMBER 2019 Number	30 JUNE 2019 Number
At the beginning of reporting period	152	-
Issued during the period (i)	20	172
Cancelled during the period	-	(20)
Balance at reporting date	**172**	**152**

(i) On 3 December 2019, 20 performance rights were issued.

The Performance Rights have the following milestones attached to them:

(i) Class A Performance Rights: in the even that the Undiluted Market Capitalisation of the Company is equal to or higher than AU$100,000,000.00 for a minimum of 10 consecutive trading days the vesting condition shall be deemed satisfied.

(ii) Class B Performance Rights: in the event that the Undiluted Market Capitalisation of the Company is equal to or higher than AU$150,000,000.00 for a minimum of 10 consecutive trading days, the vesting condition shall be deemed satisfied.

(iii) Class C Performance Rights: the Company announces an inferred 2012 JORC compliant resource at any Project of not less than:

(a) in regard to a gold resource, 1,000,000 ounces of Au; or

(b) in regard to a nickel resource, 50,000t contained Ni; or

(c) in regard to a cobalt resource, 10,000t contained Co.,

Each performance right has an expiry date of 31 July 2021.

NOTE 4: ISSUED CAPITAL (CONTINUED)
(b) Share Option Reserve (Continued)

The performance rights were ascribed the below value:

Date of Issue	Number of Performance Rights (i)			Number of Ordinary Shares on Achievement	Price of Shares (ii)	Total Value ($)	Expense for the period ($)
	Class A	Class B	Class C				
15.08.2018	25	25	70	6,000,000	$0.125	750,000	125,000
17.12.2018	8	8	16	1,600,000	$0.135	216,000	42,225
03.12.2019	5	5	10	1,000,000	$0.135	135,000	6,750
Total	**38**	**38**	**96**	**8,600,000**	**-**	**1,101,000**	**173,975**

(i) Each Performance Right will convert into 50,000 shares.
(ii) The value of the rights was determined as per the date the rights were issued.

It has been deemed that the milestones occurring for the performance rights on issue will more likely than not occur and therefore expenses were accounted in full over the vesting period.

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 2019 Number	Options Issued Number	Options Exercised/Expired Number	Closing Balance 31 December 2019 Number
30.09.2020	-	$0.20	24,579,714	-	(3,600)	24,576,114
31.07.2022	-	$0.15	-	2,500,000	-	2,500,000
02.12.2019	-	$0.25	3,500,000	-	(3,500,000)	-

NOTE 5: CONTINGENCIES

Commitments arisen in the current period	2020	2021
Not later than on year	50,000	-
Later than on year but not later than two years	-	50,000
	50,000	**50,000**

Other than the above there has been no significant changes to commitments or contingencies since 30 June 2019.

NOTE 6: SUBSEQUENT EVENTS

There is no matter or circumstance that has arisen since 31 December 2019, 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 7: ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with Australian Accounting Standards 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:

NOTE 7: ESTIMATES AND ASSUMPTIONS (CONTINUED)

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 2019.

Share-based payment transactions

The Group measures the cost of equity-settled transactions by reference to the fair value of the equity instrument at the date at which they are granted. The fair value of the performance rights granted was measured at the market price on date of issue.

A probability of 100% has been applied to the milestones occurring for the performance rights on issue.

Valuation of Right of Use Assets

The Group measures the lease transactions by reference to the market interest rate which is used to calculate the discounted cash flow in relation to its leases. The decision in terms of the length of leases is determined by the contract.

NOTE 8: SUBSIDIARIES

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

Subsidiaries of St George Mining Limited	Country of Incorporation	Percentage Owned %	
		31 December 2019	30 June 2019
Desert Fox Resources Pty Ltd	Australia	100%	100%
Blue Thunder Resources Pty Ltd	Australia	100%	100%
Destiny Nickel Pty Ltd	Australia	100%	100%

NOTE 9: RIGHT OF USE ASSETS AND LEASE LIABILITIES

(a) Right of use assets:

	31 DECEMBER 2019 $	30 JUNE 2019 $
On initial recognition	97,517	-
Accumulated depreciation	(21,670)	-
Carrying value at end of period	**75,847**	**-**

NOTE 9: RIGHT OF USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(b) Lease liabilities

	31 DECEMBER 2019 $	30 JUNE 2019 $
Current		
Property lease liability	42,475	-
Non-current		
Property lease liability	35,865	-
Total lease liabilities	**78,340**	**-**

	31 DECEMBER 2019 $	30 JUNE 2019 $
Depreciation right of use asset	21,670	-
Interest expense	5,038	-
Other leases classified as short term or immaterial	-	-
Lease payments during the period	24,215	-

Property leases
The above right-of-use assets and lease liabilities relate to office lease entered by the Group. Lease has been accounted in accordance with AASB 16 adopted by the Group on 1 July 2019.

The right-of-use asset is measured at the amount equal to the lease liability at the recognition of the lease and then this cost is amortised over the life of the lease or the assets useful life is shorter. The lease liability and ROU assets of $97,517 were recognised on 1 July 2019.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives receive
- any initial direct costs,
- and restoration costs

Right-of-use assets are being depreciated over the lease term on a straight-line basis which is approximately 27 months for lease in place at 31 December 2019.

The lease liability valuation was calculated at lease recognition from the total lease payment obligations being discounted using the Group’s incremental borrowing rate. An incremental borrowing rate of 11.24% was based on unsecured interest rate that would apply if finance was sought for an amount and time period equivalent to the lease requirements of the Group. Each lease payment is allocated between the liability and finance cost. The finance cost in amount of $5,038 is charged to profit or loss over the lease period.

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 14 to 25 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 2019 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, 13 March 2020

Stantons International Audit and Consulting Pty Ltd
trading as
Stantons International
Chartered Accountants and Consultants

PO Box 1908
West Perth WA 6872
Australia

Level 2, 1 Walker Avenue
West Perth WA 6005
Australia

Tel: +61 8 9481 3188
Fax: +61 8 9321 1204

ABN: 84 144 581 519
www.stantons.com.au

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 consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and 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 2019 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 13 March 2020.

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 2019 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 & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
13 March 2020