ASX / MEDIA RELEASE

16 September 2014

ST GEORGE EXPANDS VMS SEARCH AT EAST LAVERTON

HIGHLIGHTS:

- **New impetus to escalate VMS exploration at East Laverton**
- **Broad VMS potential confirmed by technical review**
- **Large copper soil anomalies correlate with important structures for VMS systems**
- **Copper intersections in historical drill holes further support VMS potential**
- **Multiple VMS targets being generated**

VMS EXPLORATION INCREASED

St George Mining Limited (ASX: **SGQ**) ('St George Mining' or 'the Company') is pleased to announce an escalation of VMS (volcanic massive sulphide) exploration activities at its 100% owned East Laverton Property in Western Australia.

While the conceptual potential for VMS-style base metal mineralisation at East Laverton was recognised in the past, virtually no focussed VMS exploration has been completed to date.

This is because exploration at East Laverton has targeted greenstone-hosted nickel and gold mineralisation, which is largely exclusive of exploring for VMS deposits which are typically hosted by the surrounding rocks.

The recent significant base metal intersection of 19.25 m @ 0.35% Zn and 0.1 % Cu in drill hole DDD011 provides a new momentum for VMS exploration at East Laverton.

DDD011 was drilled to test an EM conductor identified to the west of the Stella Range ultramafic belt. This off-belt conductor, named Dragon 2, is situated in a location where a VMS system could be expected to occur. A second adjacent conductor, Dragon 3, remains to be tested and may represent a more central part of a VMS system with higher grades of zinc and copper.

Further drilling at this VMS prospect will be completed as part of the next drilling programme for our high priority nickel sulphide targets, scheduled for early in October. Details of drill holes being designed to test this VMS prospect will be announced shortly.

In addition, the moving loop electromagnetic (MLEM) survey currently underway at the project will be expanded to the area around DDD011. The survey is being arranged by our geophysical consultants, Newexco, who are also involved with exploration at Sandfire Resources' DeGrussa VMS deposit.

This high powered MLEM survey will test for additional off-belt EM anomalies which may represent VMS targets.

A prospectivity assessment of the larger project area for VMS-style mineralisation has been initiated and will continue concurrently with the ongoing testing of this more advanced target. We expect this review to generate additional VMS prospects at the East Laverton Property with a number of new drill targets to be tested in 2015.

VMS deposits usually form in clusters, with several deposits possible within a district area of tens of kilometres. St George has a dominant landholding in this region with over 2,000 sq km of tenements. This provides the company with a strategic advantage and substantial exploration upside following any initial VMS discovery.

St George Mining Executive Chairman, John Prineas, said:
"The recent and encouraging drilling results at conductor Dragon 2, together with the positive assessment of the broad VMS potential at East Laverton, make the escalation of VMS exploration compelling.

"We will be drill testing conductor Dragon 3 in October, and establishing more VMS targets for exploration as soon as practicable.

"The VMS potential is a real bonus for the company, on top of our high quality nickel sulphide prospects which will also be drilled in October."

Hole Id	East	North	Dip	Azimuth	Depth (m)	From (m)	To (m)	Width (m)	Ni (%)	S (%)	Cu (ppm)	Zn (ppm)
DDD011	527480	6735350	-70	200	222.6	69	88.25	19.25	0.03	3.8	938	3455
Incl.						73	74	1				5400
						82	84	2				4900

Table-1 - Mineralised interval in DDD011

FAVOURABLE PROPERTY SCALE PROSPECTIVITY
The East Laverton Property hosts extensive sequences of high MgO komatiites ultramafics, and these rocks have been the focus of nickel sulphide exploration to date.

The emplacement of high MgO komatiites at East Laverton is likely due to mantle plume activity directed to the marginal settings of the stable platform, where the crust is thinner. This activity resulted in the extension and rifting of the continental crust, which underlies the Burtville and Youanmi terranes. Rifts are fault-bounded basins produced by extension of the crust.

The formation of sustainable VMS hydrothermal systems requires long-lived crustal rifting and thinning, continual high heat flows and deep permeable structures. The emplacement of high MgO komatiite ultramafics at East Laverton demonstrates that these favourable conditions are present.

VMS deposits and komatiite hosted nickel deposits represent the most primitive phases of economic mineralisation in the Yilgarn Craton, and form early and in similar settings. As such, they are often seen as "proxies" for one another.

Accordingly, the presence of komatiites with nickel sulphides at East Laverton strengthens the case for the presence of economic VMS mineralisation at East Laverton.

Results from recent and historical field work also support the case for a material VMS system to be present at East Laverton.

Historical drilling for gold by Western Mining Corporation intersected copper up to 0.70% Cu (for further details see below). Large copper-in-soil anomalies have also been identified at the project area (see below for further information). These exploration findings strongly warrant further exploration work to assess the potential for base metal mineralisation at East Laverton.

LARGE COPPER SOIL ANOMALIES

Regional soil sampling completed by St George in 2011 and 2012 identified significant copper soil geochemical anomalies at the East Laverton Property. A large copper soil anomaly was identified at the Desert Dragon prospect, where DDD011 is collared.

Copper soil anomalism extends from Desert Dragon for over 5 km kilometres to the north-northeast. This large copper soil anomaly overlies the intersection of the Stella Range belt and a major cross-rift structure known as the Churchill lineament. The correlation of the soil anomaly with underlying structures adds importance to this geochemical response.

In the east of the project area, anomalous copper-in-soils are found at the Athena prospect and around the area of the Balmoral gold prospect to the south. At Balmoral, the large copper anomaly is interpreted to be associated with a local east-west cross structure. The ability to link a soil geochemical anomaly with underlying geology and/or structures increases the potential for the anomaly to be representative of some form of basement mineralisation.

The areas covered by these copper soil anomalies have not been assessed by the regional MLEM survey, initially designed to test for massive sulphide bodies as part of our nickel exploration. The areas containing these copper soil anomalies will now be added to this ongoing MLEM survey.

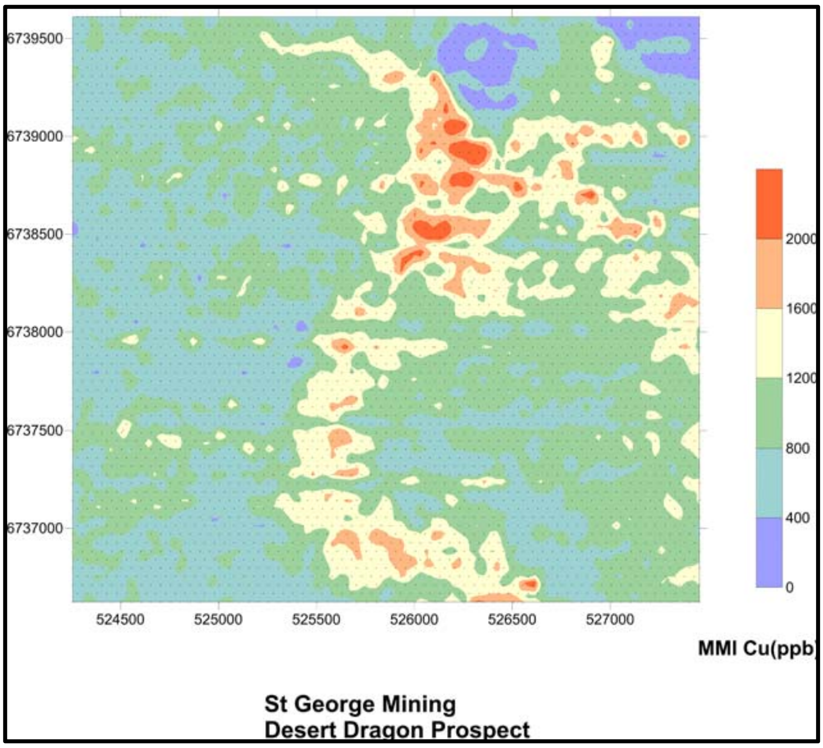

Figure 1- shows the discrete copper soil in the immediate Desert Dragon area.

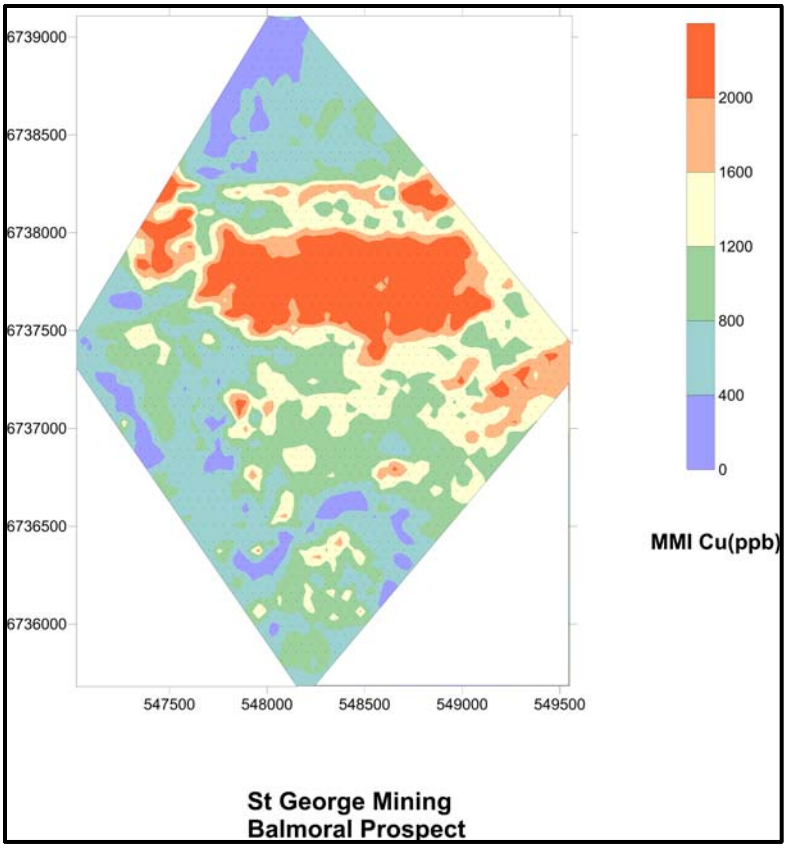

Figure 2 - shows the large copper soil anomaly in the area of the Balmoral gold prospect

COPPER INTERSECTED IN DRILLING

Historical and recent exploration drilling for gold and nickel mineralisation at East Laverton has intersected random intervals of copper mineralisation.

Historical drill hole JSPC4715 was drilled by Western Mining Corporation while exploring for gold on the Minigwal belt. The hole was drilled to a depth of 80m and intersected a three metre interval of copper mineralisation; see Table 2.

The drill hole intersected 3 m @ 0.48% Cu, including 1 m @ 0.70% Cu. The copper responses have low corresponding nickel and zinc values, suggesting this is a supergene concentration.

This intersection is a significant copper anomaly from a geochemical perspective. The copper interval is below the transported overburden and in the "in-situ" regolith. This suggests it could be related to the underlying basement rocks. Of note, is that the drill hole is within an interpreted cross structure, and in magnetically quiet rocks to the east of the main magnetic trace of the ultramafic belt. This is a location where base metal VMS-style mineralisation could occur.

Hole Id	North	East	Dip	Azimuth	Depth (m)	From (m)	To (m)	Width (m)	Cu (ppm)
JSPC4715	552218	6732158	-90		80	57	58	1	7000
Incl.						58	59	1	4250
						59	60	1	3200

Table 2 - shows the copper intersection from the historical drill hole JSPC4715.

In 2013, drill hole CAMRC014 was drilled by St George to target nickel sulphides on the Stella Range belt. The hole was abandoned at 117m due to severe ground water ingress and the swelling of the clays in the hole.

Samples recovered from the hole were analysed by portable XRF device and showed copper values up to 0.70%. Laboratory assays confirmed a copper intersection of 2 m @ 0.36% Cu from 92m; see Table 3.

These random intervals of copper mineralisation, coupled with the prominent copper soil anomalies and favourable structural setting, suggest there is potential for a large copper system at East Laverton.

Hole Id	North	East	Dip	Azimuth	Depth (m)	From (m)	To (m)	Width (m)	Cu (ppm)
CAMRC014	524902	6740956	-60	252	117	92	94	2	3600

Table 3 - shows the copper intersection in drill hole CAMRC014

XRF ANALYSIS

References to XRF results relate to analysis using a hand-held Olympus Innov-X Spectrum Analyser. This portable device provides immediate analysis of modal mineralogy of drill samples. The device is unable to reliably detect precious metals in samples but is considered to be more reliable for base metal assessment.

Unless otherwise stated, values determined by XRF analysis are based on one spot reading per one metre of drill core. As such, results from XRF analysis are stated as indicative only and are preliminary to subsequent confirmation by geochemical analysis by a laboratory.

The XRF data is useful in assisting in the interpretation of the geological character of the rocks being encountered during drilling. The data may not be representative of the actual metal content in that sample.

REFERENCES

"District to Camp Controls of the Genesis of Komatiite-Hosted Nickel Sulfide Deposits"
M. Fiorentini, S. Beresford, M. Barley, P. Duuring, A. Bekker, N. Rosengren, R Cas, and J Hronsky
Economic Geology (2012) Vol. 107, No 5, pages 781 - 796

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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 section is 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
Sampling techniques	*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.*	This ASX Release dated 16 September 2014 discusses exploration results at the Company's East Laverton Property including results from Phase 1 of the 2014 drilling campaign which tested prospects for VMS mineralisation and massive nickel sulphide mineralisation. Drilling was undertaken by DDH1 Drilling Pty Ltd using a Sandvik 1200 Multipurpose truck mounted drill rig. This rig has capability for diamond core, reverse circulation (RC) and mud rotary drilling. The drilling programme includes diamond core holes with RC pre-collars and follow-up RC holes. The holes are (unless otherwise stated) angled to grid east at a dip of -60 degrees to optimally intersect the modelled EM plates and potential zones of mineralisation. *Diamond Core Sampling:* The core is removed from the drill rig and laid out for initial analysis in the field. The core is measured and marked up at 1m intervals against the drillers blocks, which are themselves checked against the drillers log books where required. The visible structural features on the core are measured against the core-orientation lines. Onsite XRF analysis is conducted using a hand-held Olympus Innov-X Spectrum Analyser. The XRF analysis is used to systematically review diamond drill core, with a single reading taken every metre, except in the case of core loss. These results are only used for onsite interpretation and preliminary base metal assessment subject to final geochemical analysis by laboratory assays. The sections of the core that are selected for assaying are marked up and recorded on a "cut-sheet" which provides a control on the intervals that will be cut and sampled at a duly certified assay laboratory, SGS Laboratories. Core is prepared for analysis at 1m intervals or at lesser intervals of geological significance. Core is cut in half lengthways and then numbered samples are taken as per the "cut-sheet". Diamond core provides high quality samples that are logged for lithological, structural, geotechnical, density and other attributes. Sampling is carried out under QAQC procedures as per industry best practice. *RC Sampling:* All samples from the RC drilling are taken as 1m samples. Samples are sent to SGS Laboratories for assaying. Appropriate QAQC samples (standards, blanks and duplicates) were inserted into the sequences as per industry best practice. In this programme the multi-purpose diamond and RC drill rig did not have an industry standard splitter attached to facilitate collection of samples. RC samples were taken manually in the most representative way. Should any sample return any values that are anomalous, then a portable riffle splitter will be utilised to select another representative sample for assaying from the bulk sample of RC chips retained by the Company. Onsite XRF analysis is conducted on the fines from RC chips using a hand-held Olympus Innov-X Spectrum Analyser. These results are only used for onsite interpretation and preliminary base metal assessment subject to final geochemical analysis by laboratory assays.

Criteria	JORC Code explanation	Commentary
		Down-hole electromagnetic (DHEM) survey: A DHEM survey has been completed for certain diamond holes. The DHEM survey is designed and managed by Newexco Services Pty Ltd, with field work contracted to Bushgum Holdings Pty Ltd. Key specifications of the DHEM survey are: *System:* *Atlantis (analogue)* *Components:* *A, U, V* *Component direction:* • *Ba – Parallel to hole axis, positive up hole.* • *Bu – Perpendicular to hole axis: toward 12 o' clock when looking down hole.* • *Bv – Perpendicular to hole axis: toward 9 o' clock when looking down hole.*
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	*Diamond Core Sampling:* For diamond core samples, certified sample standards were added as every 25th sample. Core recovery calculations are made through a reconciliation of the actual core and the driller's records. Downhole surveys of dip and azimuth were conducted using a single shot camera every 30m to detect deviations of the hole from the planned dip and azimuth. The drill-hole collar locations were recorded using a hand held GPS, which has an accuracy of +/- 5m. At a later date the drill-hole collar will be surveyed to a greater degree of accuracy. *RC Sampling:* For RC drill samples, geological logging of RC chips is completed at site with representative chips being stored in drill chip trays. Downhole surveys of dip and azimuth follow the same protocol as for diamond core holes. *DHEM Survey:* For the DHEM survey, the polarity of each component is checked to ensure the system was set up using the correct component orientations. The hole position is corrected for trajectory using orientation survey data.
	Aspects of the determination of mineralisation that are Material to the Public Report. *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.*	*Diamond Core Sampling:* Core is drilled with HQ and NQ2 size and sampled as half core to produce a bulk sample for analysis. Intervals vary from 0.3 – 1m maximum and are selected with an emphasis on geological control. Assays are completed at SGS Laboratories in Perth. Samples are sent to SGS where they are crushed to 6 mm and then pulverised to 75 microns. A 30 g charge of the sample is fire assayed for gold, platinum and palladium. The detection range for gold is 1 – 2000 ppbAu, and 0.5 – 2000 ppb for platinum and palladium. This is believed to be an appropriate detection level for these elements within this specific mineral environment. However, should Au, Pt or Pd levels reported exceed these levels an additional assay method will be used to re-test samples. All other metals will be analysed using an acid digest and an ICP finish. The sample is digested with nitric, hydrochloric, hydrofluoric and perchloric acids to effect as near to total solubility of the sample as possible. The solution containing samples of interest, including those that need further review, will then be presented to an ICP-OES for the further quantification of the selected elements. *RC Sampling:* A 1m composite sample is taken from the bulk sample of RC chips that may weigh in excess of 40 kg. Assay preparation by SGS follows the same protocol as for diamond core sampling.
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka,*	*Diamond Core Sampling:* The collars of the diamond holes were drilled using RC drilling down through the regolith to the point of

Criteria	JORC Code explanation	Commentary
	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).	refusal or to a level considered geologically significant to change to core. The hole was then continued using HQ diamond core until the drillers determined that a change to NQ2 coring was required. The core is oriented and marked by the drillers. The core is oriented using ACT Mk II electric core orientation. *RC Sampling:* The RC drilling uses a 140 mm diameter face hammer tool. High capacity air compressors on the drill rig are used to ensure a continuously sealed and high pressure system during drilling to maximise the recovery of the drill cuttings, and to ensure chips remain dry to the maximum extent possible.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	*Diamond Core Sampling:* Diamond core recoveries/core loss are recorded during drilling and reconciled during the core processing and geological logging. No significant sample recovery problems are thought to have occurred in any holes drilled to date. There has been a notable and consistent competency encountered in the rocks during drilling. *RC Sampling:* RC samples are visually checked for recovery, moisture and contamination. Geological logging is completed at site with representative RC chips stored in chip trays.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	*Diamond Core Sampling:* Depths are checked against the depth on the core blocks and rod counts are routinely carried out by the drillers. Core loss was recorded by St George geologists and sampling intervals were not carried through core loss. *RC Sampling:* Samples are normally collected using a cone and riffle splitter. However, in this programme, the multi-purpose diamond and RC drill rig did not have an industry standard splitter attached. RC samples were taken manually in the most representative way. If any sample returns any values that are anomalous, then a portable riffle splitter will be utilised to select another representative sample for assaying from the bulk sample of RC chips retained by the Company.
	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.	To date, no detailed analysis to determine the relationship between sample recovery and grade has been undertaken for this drill programme. This analysis will be conducted following any economic discovery. The use of diamond drilling capturing whole rock cores reduces errors associated with varying size fraction loss of the sample. Very competent rocks have been recovered to date. The nature of magmatic sulphide distribution hosted by the competent and consistent rocks hosting any mineralised intervals are considered to significantly reduce any possible issue of sample bias due to material loss or gain.
Logging	*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.*	Geological logging is carried out on all diamond core and RC drill holes with lithology, alteration, mineralisation, structure and veining recorded.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Logging of diamond core and RC samples recorded lithology, mineralogy, mineralisation, structures (core only), weathering, colour and other noticeable features. Core was photographed in both dry and wet form.
	The total length and percentage of the relevant intersections logged.	All drill holes were geologically logged in full and detailed litho-geochemical information was collected by the field XRF unit. The data relating to the elements analysed is used to determine further information regarding the detailed rock composition.

Criteria	JORC Code explanation	Commentary
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	The HQ and NQ2 core is cut in half length ways in Kalgoorlie using an automatic core saw. All samples are collected from the same side of the core. The half-core samples are submitted to SGS for analysis.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	RC samples were taken manually in the most representative way as the multi-purpose drill rig did not have a riffle splitter to facilitate collection of samples. If any sample returns any values that are deemed anomalous, then a portable riffle splitter will be utilised to select another representative sample for assaying from the bulk sample of RC chips retained by the Company. RC samples are collected in dry form.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	*Diamond Core Sampling:* Diamond core was drilled with HQ and NQ2 size and sampled as complete half core to produce a bulk sample for analysis. Intervals selected varied from 0.3 – 1m (maximum) with a strong geological control (as is possible in diamond core) to ensure grades are representative, i.e. remove any bias through projecting assay grades beyond appropriate geological boundaries. Assay preparation procedures ensure the entire sample is pulverised to 75 microns before the sub-sample is taken. This removes the potential for the significant sub-sampling bias that can be introduced at this stage. *RC Sampling:* Sample preparation for RC chips is the same as for diamond core.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	*Diamond Core Sampling:* Drill core is cut in half lengthways and the total half-core submitted as the sample. This meets industry standards where 50% of the total sample taken from the diamond core is submitted. *RC Sampling:* Field QC procedures maximise representivity of RC samples and involve the use of certified reference material as assay standards, along with blanks, duplicates and barren washes.
	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.	*Diamond Core Sampling:* The retention of the remaining half-core is an important control as it allows assay values to be determined against the actual geology; and where required a quarter core sample may be submitted for assurance. No resampling of quarter core or duplicates has been done at this stage of the project. *RC Sampling:* Field duplicates were taken on 1m composites for RC samples.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	The sample sizes are considered to be appropriate to correctly represent the sulphide mineralisation at the East Laverton Property based on: the style of mineralisation (massive and disseminated sulphides), the thickness and consistency of the intersections and the sampling methodology.
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	For both diamond core and RC sampling, a 30 gram sample will be fire assayed for gold, platinum and palladium. The detection range for gold is 1 – 2000 ppbAu, and 0.5 – 2000 ppb for platinum and palladium. This is believed to be an appropriate detection level for the levels of these elements within this specific mineral environment. However, should Au, Pt or Pd levels reported exceed these levels; an alternative assay method will be selected. All other metals will be analysed using an acid digest and an ICP finish. The sample is digested with nitric, hydrochloric, hydrofluoric and perchloric acids to effect as near to total solubility of the sample as possible. The solution containing samples of interest, including those that need further review, will then be presented to an ICP-OES for the further quantification of the selected elements.

Criteria	JORC Code explanation	Commentary
	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.	A handheld XRF instrument (Olympus Innov-X Spectrum Analyser) is used to systematically analyse the drill core and RC chips onsite. Reading time was 60 seconds. The instruments are serviced and calibrated at least once a year. Field calibration of the XRF instrument using standards is undertaken each day. For the DHEM survey, specifications and quality control measures are noted above.
	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.	Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of in house procedures. The Company will also submit an independent suite of CRMs, blanks and field duplicates (see above).
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Significant intersections in diamond core have been verified by the Company's Technical Director and Consulting Field Geologist.
	The use of twinned holes.	No twinned holes have been completed in this drilling programme.
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Geological data was collected using handwritten log sheets and imported in the field onto a laptop detailing geology (weathering, structure, alteration, mineralisation), sampling quality and intervals, sample numbers, QA/QC and survey data. This data, together with the assay data received from the laboratory and subsequent survey data was entered into the Company's database.
	Discuss any adjustment to assay data.	No adjustments or calibrations will be made to any primary assay data collected for the purpose of reporting assay grades and mineralised intervals. For the geological analysis, standards and recognised factors may be used to calculate the oxide form assayed elements, or to calculate volatile free mineral levels in rocks.
Location of data points	*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.*	Drill hole collar locations are determined using a handheld GPS with an accuracy of +/- 5m. Drill hole collars will be preserved and surveyed to a greater of accuracy after the drilling programme. Down hole surveys of dip and azimuth were conducted using a single shot camera every 30m to detect deviations of the hole from the planned dip and azimuths.
	Specification of the grid system used.	The grid system used is GDA94, MGA Zone 51.
	Quality and adequacy of topographic control.	Best estimated RLs were assigned during drilling and are to be corrected at a later stage.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	The drill programme is targeting EM conductors and other high quality targets for massive nickel sulphide mineralisation. The spacing and distribution of holes is not relevant to this programme.
	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.	Drilling is at the exploration stage. Mineralisation at the East Laverton Property has not yet demonstrated to be sufficient in both geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications to be applied.
	Whether sample compositing has been applied.	Samples are taken at one metre lengths (diamond core), and adjusted where necessary to reflect local variations in geology or where visible mineralised zones are encountered, in order to preserve the samples are representative.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	The diamond core holes are drilled towards 060 at an angle of -60 degrees to intersect the modelled mineralised zones at a near perpendicular orientation. However, the orientation of key structures may be locally variable and any relationship to mineralisation at has yet to be identified.

Criteria	JORC Code explanation	Commentary
	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.	No orientation based sampling bias has been identified in the data to date.
Sample security	*The measures taken to ensure sample security.*	Chain of Custody is managed by the Company until samples pass to a duly certified assay laboratory for subsampling and assaying. The cut-core trays and RC sample bags are stored on secure sites and delivered to the assay laboratory by the Company or a competent agent. When in transit, they are kept in locked premises. Transport logs have been set up to track the progress of samples. The chain of custody passes upon delivery of the samples to the assay laboratory. For diamond core, a predetermined "cut sheet" serves as a tracking tool and provides a further control for any subsequent checks.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	Sampling techniques and procedures are regularly reviewed internally, as is data. To date, no external audits have been completed on the drilling programme.

Section 2 Reporting of Exploration Results (Criteria listed in section 1 will also apply to this section where relevant)

Criteria	JORC Code explanation	Commentary
Mineral Tenement and Land Status	*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.* *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.*	Phase 1 of the 2014 nickel sulphide drilling programme included prospects located within Exploration Licences E39/1467, E39/1229, E39/1667, E39/1520, E39/985, E39/981, E39/982 and E39/1064. Each tenement is 100% owned by Desert Fox Resources Pty Ltd, a wholly owned subsidiary of St George Mining. Certain tenements are subject to a 2% Net Smelter Royalty in favour of a third party. None of the tenements are the subject of a native title claim. No environmentally sensitive sites have been identified at any of the tenements. The tenements are in good standing and no known impediments exist.
Exploration Done by Other Parties	*Acknowledgment and appraisal of exploration by other parties.*	In 2012, BHP Billiton Nickel West Pty Ltd (Nickel West) completed a reconnaissance RC (reverse circulation) drilling programme 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. The drilling programme comprised 35 RC holes for 8,560m drilled. 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. 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.
Geology	*Deposit type, geological setting and style of mineralisation*	The Company's East Laverton Property located in the NE corner of the Eastern Goldfields Province of the Archean Yilgarn Craton. 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.

Criteria	JORC Code explanation	Commentary
		The area is largely covered by Permian glaciogene sediments (Patterson Formation), which area 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. 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.
Drill hole information	*A summary of all information material to the understanding of the exploration results including tabulation of the following information for all Material drill holes:* *• Easting and northing of the drill hole collar* *•Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar* *• Dip and azimuth of the hole* *• Down hole length and interception depth* *• Hole length*	Refer to tabulations in the body of this announcement. Information regarding exploration results from Project Dragon can be found in the Company's ASX Release dated 25 October 2012 "Drill Results at Project Dragon" which is available to view on www.stgm.com.au. Table 1 to this 2012 JORC Section contains drill hole information on DRAC35, DRAC38 and DDNRC002 which were the first drill holes at the East Laverton Property to identify nickel sulphides.
Data aggregation methods	*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.*	No top-cuts have been applied. A nominal 0.15% Ni lower cut-off is applied unless otherwise indicated.
	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.	High grade massive sulphide intervals internal to broader zones of sulphide mineralisation are reported as included intervals.
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values are used for reporting exploration results.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of exploration results.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').*	The geometry of the mineralisation is not yet known due to insufficient deep drilling in the targeted area.
Diagrams	*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.*	Maps will be included with any announcement of any significant discovery, following review of assay results from the drilling programme.
Balanced Reporting	*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.*	A comprehensive report on the drill holes is provided based on laboratory assays received. A balanced report on the exploration results is contained in the body of the ASX Release. References to anomalous levels of any element identified by XRF analysis means that the element is present at a level that exceeds the level to be normally expected for that element in that geological setting.

Criteria	JORC Code explanation	Commentary
		The determinations made using a mobile XRF unit are geochemical in nature. This mode of sampling seeks to define anomalous sample populations against background, rather than absolute sample values as in laboratory assays. A more definitive report on any anomalous levels of any element is provided once laboratory assays for the drill holes are received.
Other substantive exploration data	*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.*	All meaningful and material information has been included in the body of the text. No metallurgical or mineralogical assessments have been completed.
Further Work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large – scale step – out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	A discussion of further exploration work is contained in the body of the ASX Release.

HOLE ID	NORTHING (m)	EASTING (m)	DIP (deg)	AZM (deg)	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	Ni (%)	Cu (ppm)	Pt+Pd (ppb)
DRAC35	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
DRAC38	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
DDNRC002	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.om.au