



ST GEORGE

MINING LIMITED

ABN 21 139 308 973

HALF YEARLY REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2015



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 2015 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 2015. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows.

DIRECTORS

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

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

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

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

REVIEW AND RESULTS OF OPERATIONS

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

	2015	
	Revenues	Results
	\$	\$
Revenues and (Loss)	1,335,486	(2,673,374)

During the six months period the exploration and evaluation expenditure was \$3,641,724. In accordance with the Group's accounting policy these costs were written off. Administration costs were \$367,136. The income tax refund, pursuant to the Federal Government's Research and Development Tax Incentive Scheme for the year ended 30 June 2015 was \$1,326,267, resulting in a total loss for the six months of \$2,673,374

JULY – DECEMBER 2015 REVIEW OF OPERATIONS**HIGHLIGHTS**

- **Drilling of nickel sulphide targets at East Laverton continues to intersect nickel sulphides and prospective ultramafics**
- **Acquisition of high grade nickel-copper sulphide Mt Alexander project from BHP Billiton**
- **Significant gold potential recognised at East Laverton with drill ready targets**
- **Successful capital raising boosts cash reserves**

During the half year period to 31 December 2015, St George continued to grow the value of the Company through successful exploration programmes at the East Laverton Project and the acquisition of the Mt Alexander Project where significant high grade nickel-copper sulphide mineralisation has already been discovered.

The Board is pleased to provide the following Review of Operations for the half year period to 31 December 2015.

MT ALEXANDER PROJECT

The Mt Alexander Project is located 120km south-west of the world class Agnew-Wiluna belt in Western Australia and comprises two granted exploration licences – E29/548 and E29/638. In October 2015, St George completed the 100% acquisition of exploration licence E29/548 from BHP Billiton Nickel West ('Nickel West').

On 28 January 2016, St George completed the acquisition of Nickel West's 75% interest in E29/638 with Western Areas Limited retaining a 25% non-contributing interest in E29/638 until there is a decision to mine. St George will be Manager of this joint venture.

Exploration licence E29/638 hosts the Cathedrals Prospect where high grade nickel-copper sulphides were discovered in 2008 with significant intersections including:

- **4m @ 4.9%Ni, 1.7%Cu and 3.9g/t total PGEs** from 91.4m in drill hole MAD12
- **3m @ 3.8%Ni, 1.6%Cu and 2.7g/t total PGEs** from 56.3m in drill hole MAD13

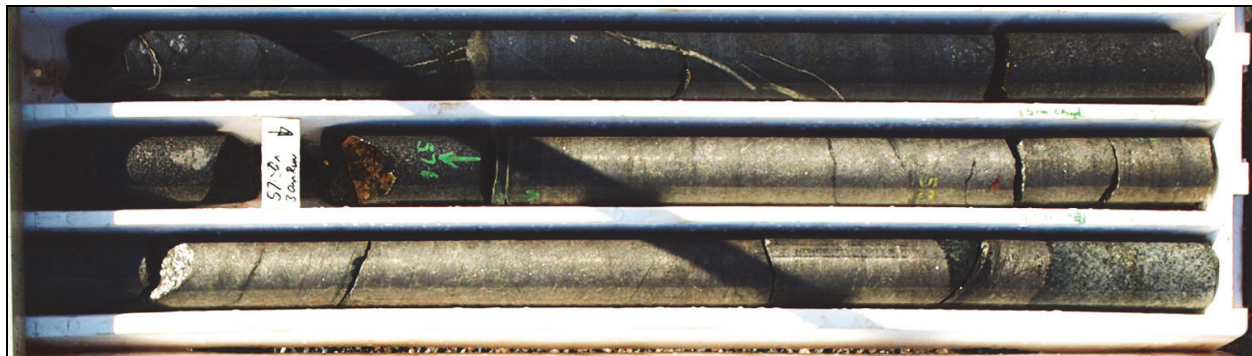


Figure 1 – high grade nickel-copper sulphides in komatiite ultramafic on contact with granite in MAD13. The interval highlighted in this photo recorded 1.4m @ 7.1%Ni, 3% Cu and 4.2g/t PGEs from 57.6m

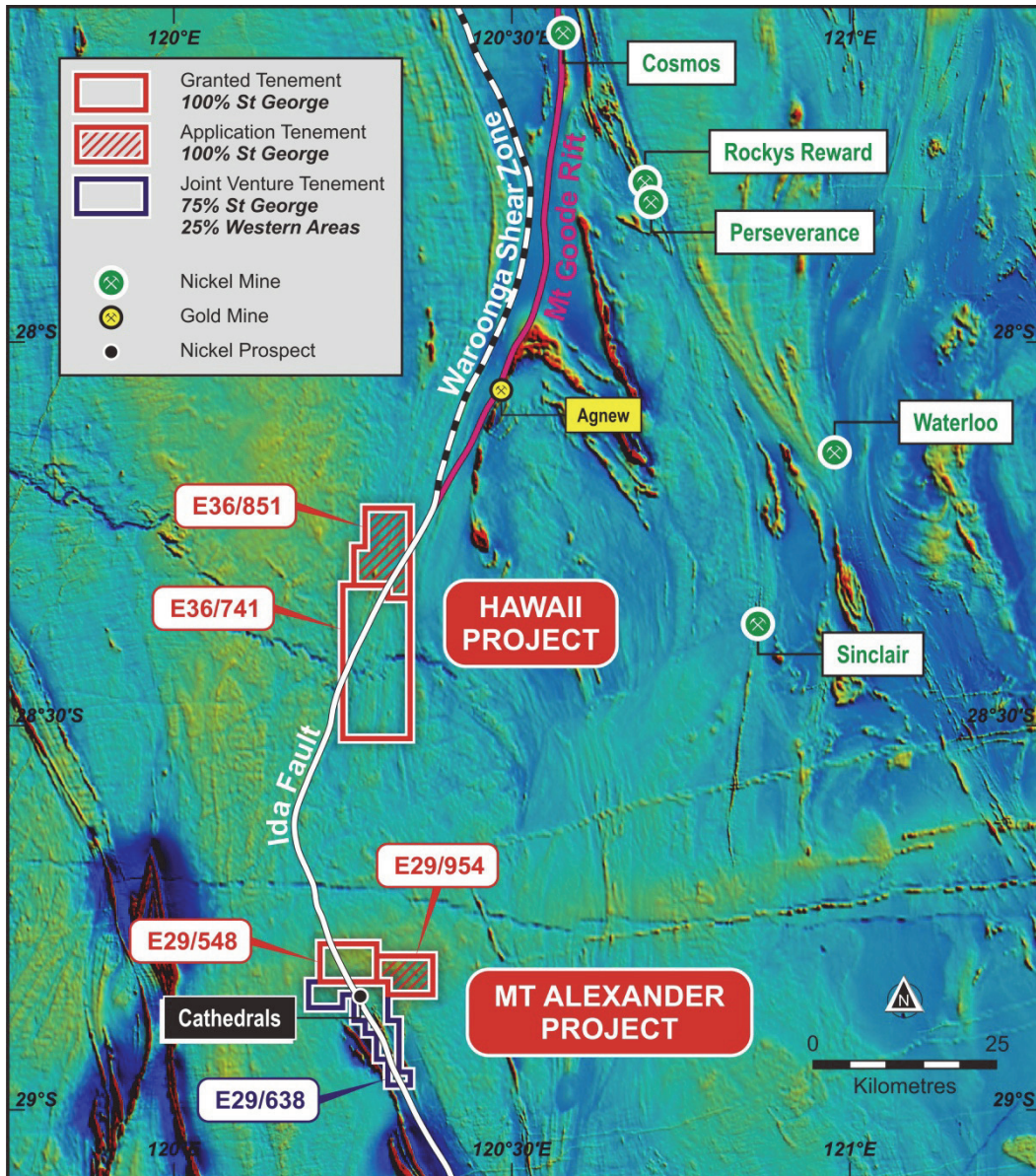


Figure 2 – a map showing the location of Mt Alexander Projects over TMI magnetics. The Hawaii Project was also recently acquired by St George from Nickel West

Three EM conductors were drilled by Nickel West at Cathedrals, and all three were confirmed as high grade nickel-copper sulphide mineralisation.

St George’s technical team, in conjunction with geophysical consultants Newexco, commenced a comprehensive review of the substantial project data acquired from Nickel West. Five untested EM conductors have been identified at the Cathedrals Prospect, together with seven untested EM conductors at the Stricklands Prospect (see Figure 3).

The untested EM conductors have similar geophysical features to the massive nickel-copper sulphides confirmed by Nickel West’s drilling at Cathedrals. These untested conductors are outstanding drill ready targets and will be drilled by St George in its 2016 drill programme at Mt Alexander.

Our ongoing project review is also establishing a strong pipeline of targets at across the broader project area Mt Alexander.

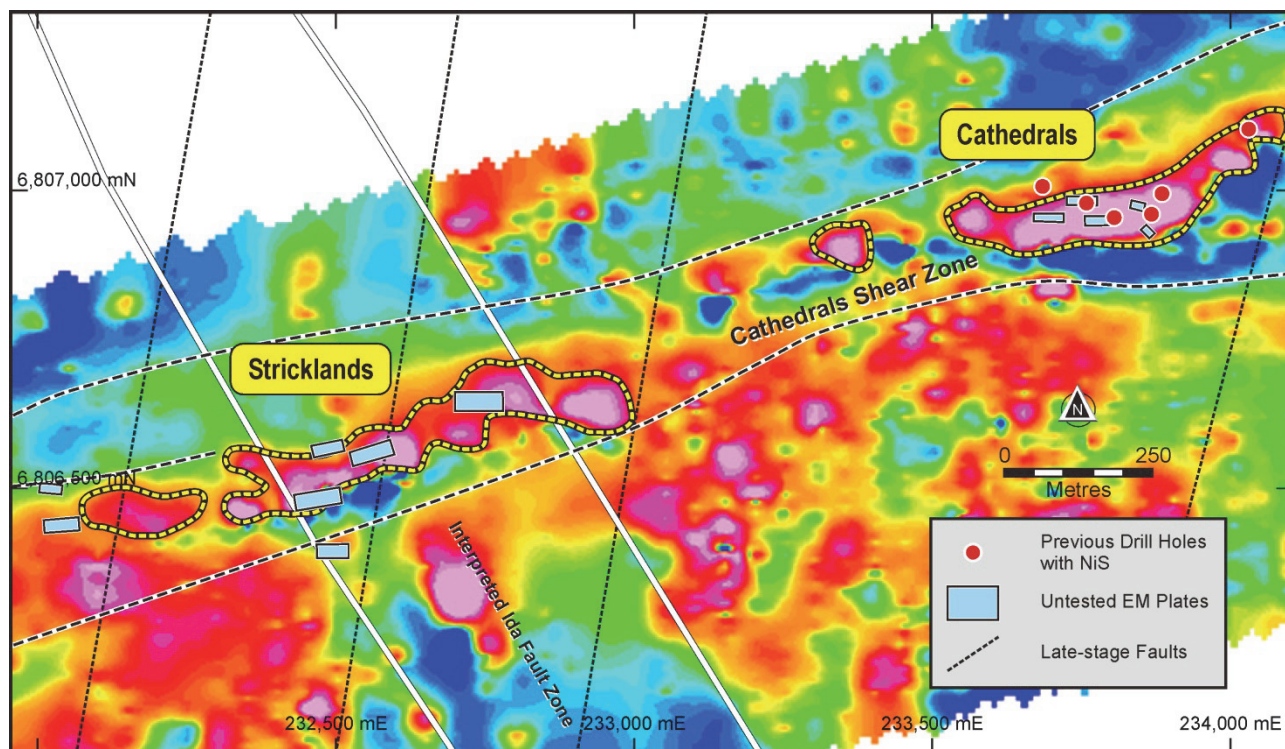


Figure 3 – a plan view of the Cathedrals and Stricklands Prospects showing the untested EM conductors as well as the location of the nickel-copper sulphide intersections at Cathedrals

HAWAII PROJECT

The Hawaii Project was acquired by St George from Nickel West in October 2015. The Project is located 55km west of the Sinclair Nickel Project, owned by Talisman Mining Limited, and 90km southwest of the Cosmos Nickel Complex, owned by Western Areas Limited.

Reconnaissance shallow aircore drilling completed by Nickel West at the Hawaii Project in 2012 discovered over 5km of moderate to high MgO ultramafics. This area was previously interpreted as granite, and the discovery of prospective ultramafics was a significant exploration milestone.

In December 2015, St George carried out the first ever RC (reverse circulation) drilling to test the bedrock geology at Hawaii. Drilling encountered extensive greenstone sequences. Assay results from the drilling are being reviewed with further exploration to be planned.

EAST LAVERTON PROJECT – NICKEL EXPLORATION

A major nickel sulphide drilling campaign commenced at East Laverton on 5 October 2015, focused on testing priority targets at Desert Dragon and Windsor. A total of 6,163m of RC (reverse circulation) drilling and 757.5m of diamond core drilling had been completed when drilling was suspended for the Christmas break on 18 December 2015.

RC drill holes were completed at the following prospect areas – thirteen holes at Windsor, one hole at Windsor North, five holes at Desert Dragon Central, one hole each at Desert Dragon North, Cambridge and Cambridge North. Two diamond holes were completed at Windsor and one at Desert Dragon Central.

Downhole EM (DHEM) surveys were completed in a number of the holes. A very strong off-hole EM conductor was identified in drill hole WINRC016, and was modelled by Newexco as DHEM plate WINRC016_v1 with a conductivity of 210,469 Siemens. Drill hole WINDD004 was completed in December 2015 to test this DHEM plate.

Preliminary modelling of the data from the DHEM survey in WINDD004 has identified a highly conductive off-hole EM anomaly around 95m downhole, indicating that WINDD004 passed close to the conductive source but did not intersect it. Nickel sulphide mineralisation was present in the core of WINDD004, including a value of 1.05%Ni at the modelled depth of the EM conductor. This provides additional support for the likelihood of the very strong conductor to be associated with massive nickel sulphides.

The off-hole EM anomaly is modelled about 5 metres to the north of WINDD004, and between WINDD004 and WINRC016. A new drill hole will be designed to further test this massive nickel sulphide target as part of the next diamond drilling programme being planned for East Laverton.

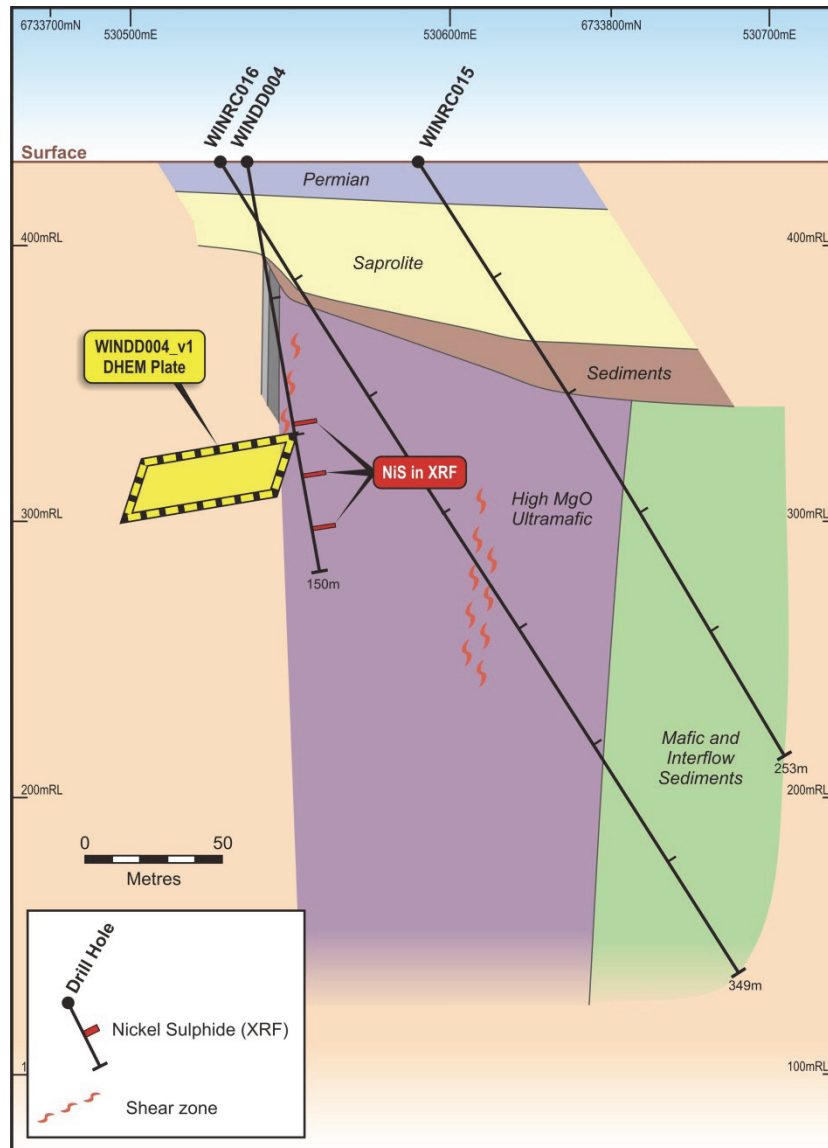


Figure 4 – Interpreted geological cross section of WINDD004, WINRC016 and WINRC015 (+/-50m), showing the prospective Windsor ultramafic and the location of the highly conductive WINDD004_v1 plate on the western contact of the Windsor ultramafic.

EAST LAVERTON PROJECT – GOLD

A review of gold targets at East Laverton was completed by our technical team, in conjunction with Dr Jon Hronsky, Chairman of the Centre of Exploration Targeting in Western Australia who has been associated with a number of major gold discoveries in Western Australia.

Several high priority gold targets have been identified, including the Ascalon gold target on an area of the Minigwal greenstone belt that has never been drilled.

The gravity survey completed over the Minigwal belt in August 2015 identified a curvilinear domain of high-gravity response that is interpreted as a major regional rift zone. A prominent deflection in the regional trend is highlighted by the gravity data, which may be an important control on gold mineralisation; see Figure 5.

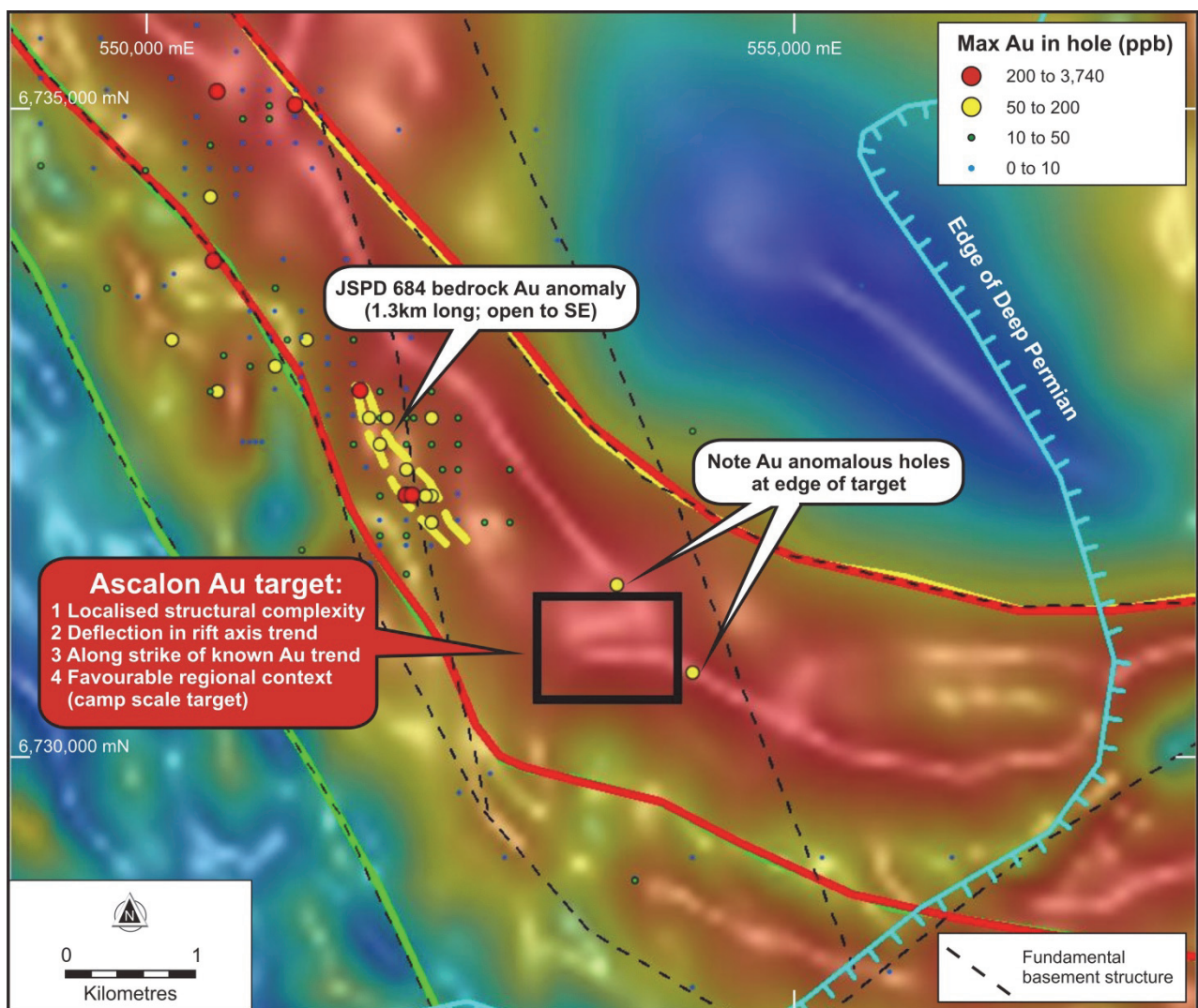


Figure 5 – the Ascalon target with its highly prospective features highlighted.

The Ascalon target will be drill tested by St George in 2016, along with other gold targets at the East Laverton Project. In late 2015, St George was awarded a drilling grant under the Western Australian Government’s Exploration Incentive Scheme (EIS) to be applied towards the direct costs of the drilling at the Ascalon.

St George’s East Laverton Project is located within the Yilgarn Craton, a world class gold province with an endowment of over 300 million ounces of gold.

Figure 6 illustrates the major gold-bearing greenstone belts of the Yilgarn and highlights that the most recent large greenfields gold discoveries in Australia - the +8MozAu Tropicana deposit and the +5MozAu Gruyere deposit – are located near the eastern margin of the North Eastern Goldfields.

The East Laverton Project is also situated within this highly prospective but under-explored area of the North Eastern Goldfields.

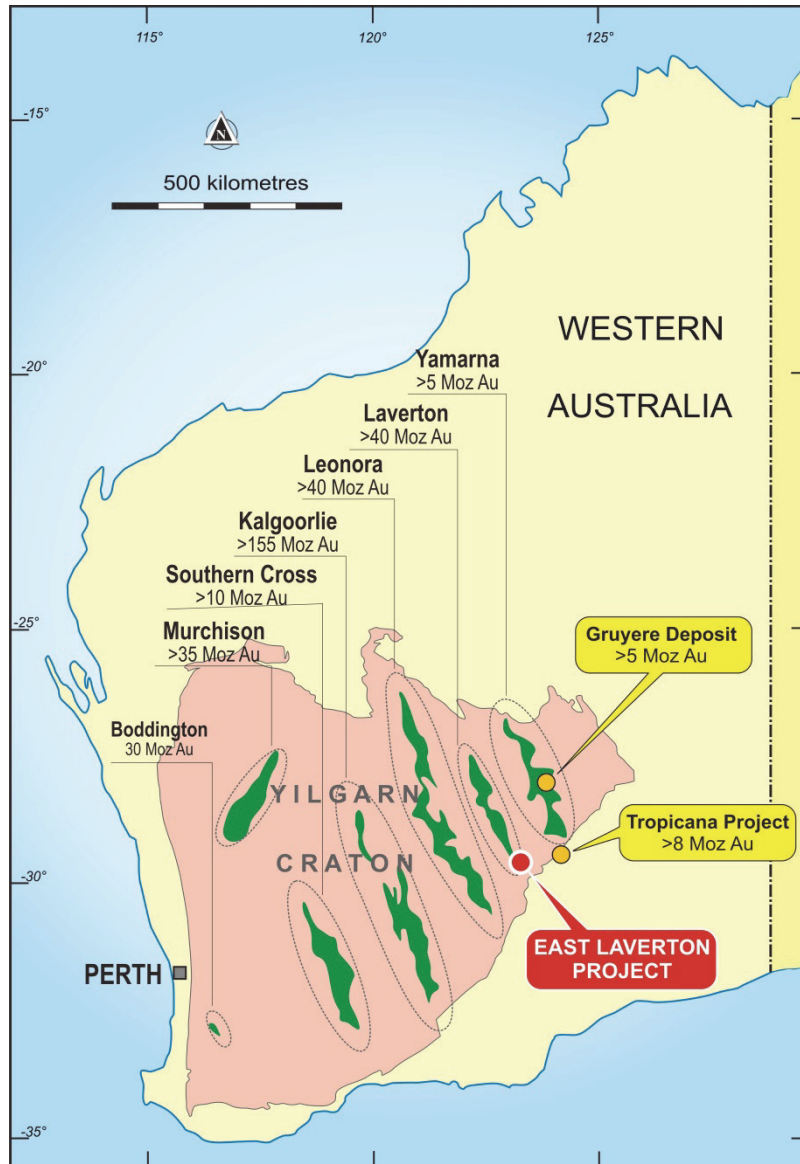


Figure 6 – the main gold-bearing greenstone belts of the Yilgarn Craton. The East Laverton Project is within the North Eastern Goldfields, along with major recent discoveries.

CORPORATE ACTIVITIES**Capital Raisings**

During November 2015, St George completed a heavily oversubscribed capital raising.

The Company allotted 22,630,631 fully paid ordinary shares at \$0.08 per share to raise a total of \$1,810,450.

Investors who subscribed for shares in this placement received one free option for every two new shares acquired. These options are on the same terms as the options trading under ASX code SGQOA. A total of 11,315,316 new Options were issued.

A General Meeting of the Company was held on 25 January 2016 to approve and ratify the capital raising completed during November 2015. The General Meeting also considered and approved the issue of 3,500,000 ordinary shares to Western Areas Limited, which agreed to not exercise its right of pre-emption over Nickel West's interest in the Mt Alexander Project.

Following completion of the November 2015 placement and the issue of shares to Western Areas Limited, the Company has the following listed securities on issue:

Fully Paid Ordinary Shares	163,525,857
Listed Options exercisable at \$0.20 on or before 30 June 2017	34,172,494

Exploration Development Incentive

St George has registered and been approved for the Exploration Development Incentive (EDI), a Federal Government initiative that will allow Australian resident shareholders to obtain a refundable tax offset for greenfield exploration undertaken by Australian junior exploration companies that do not derive any taxable income.

The EDI will enable St George to distribute to its resident Australian shareholders exploration credits that will entitle shareholders to a refundable tax offset.

A further announcement regarding this EDI tax offset available to St George shareholders for the 2015-16 tax year will be issued in due course.

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 Tim Hronsky, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Tim Hronsky is employed by Essential Risk Solutions Ltd which has been retained by St George Mining Limited to provide technical advice on mineral projects.

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

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

- 11 September 2015 *High Quality Nickel Sulphide Targets at Windsor*
- 18 September 2015 *St George Acquires Nickel Sulphide Project*
- 29 September 2015 *St George Announces Nickel Sulphide Targets for Drilling*
- 6 October 2015 *Major Nickel Sulphide Drilling Campaign*
- 26 November 2015 *Significant Gold Potential at East Laverton*
- 7 December 2015 *High Impact Drilling at East Laverton*
- 18 December 2015 *Massive Nickel Sulphide Target at Windsor*
- 19 January 2016 *2016 Drilling Commences at East Laverton*
- 29 January 2016 *Acquisition of Mt Alexander Project Completed*

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

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 12.

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



John Prineas
Executive Chairman
St George Mining Limited
15 March 2015

15 March 2016

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

Dear Sirs

RE: ST GEORGE MINING LIMITED

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

As Audit Director for the review of the financial statements of St George Mining Limited for the period ended 31 December 2015, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

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



Samir Tirodkar
Director

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

AUSTRALIAN DOLLAR (\$)	31 DECEMBER 2015	31 DECEMBER 2014 (RESTATED)
REVENUE FROM CONTINUING OPERATIONS		
Interest	9,219	16,453
Other income - Research and Development Tax Incentive	1,326,267	797,715
EXPENDITURE		
Administration expenses	(367,136)	(436,313)
Exploration expenditure written off	(3,641,724)	(1,974,029)
LOSS BEFORE INCOME TAX	(2,673,374)	(1,596,174)
Income tax benefit	-	-
LOSS AFTER INCOME TAX	(2,673,374)	(1,596,174)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to Profit or Loss	-	-
Items that may be reclassified subsequently to Profit or Loss	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(2,673,374)	(1,596,174)
LOSS AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE COMPANY	(2,673,374)	(1,596,174)
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF THE COMPANY	(2,673,374)	(1,596,174)
EARNINGS PER SHARE		
Basic and diluted loss per share (cents)	(1.88)	(1.57)

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

AUSTRALIAN DOLLAR (\$)	NOTE	31 DECEMBER 2015	30 JUNE 2015
CURRENT ASSETS			
Cash and cash equivalents		1,517,147	1,569,200
Trade and other receivables		76,721	97,728
Other assets		102,011	42,323
TOTAL CURRENT ASSETS		1,695,879	1,709,251
NON-CURRENT ASSETS			
Security bond		1,000	1,000
Plant and equipment		30,532	37,577
Exploration and evaluation expenditure		482,581	482,581
TOTAL NON-CURRENT ASSETS		514,113	521,158
TOTAL ASSETS		2,209,992	2,230,409
CURRENT LIABILITIES			
Trade and other payables		1,645,124	1,196,770
Provisions		3,846	-
TOTAL CURRENT LIABILITIES		1,648,970	1,196,770
TOTAL LIABILITIES		1,648,970	1,196,770
NET ASSETS		561,022	1,033,639
EQUITY			
Contributed equity	3(a)	14,503,473	12,373,816
Share option reserve	3(b)	261,837	222,933
Accumulated losses		(14,204,288)	(11,563,110)
TOTAL EQUITY		561,022	1,033,639

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

Australian (\$)	SHARE CAPITAL	ACCUMULATED LOSSES	SHARE OPTIONS RESERVE	TOTAL EQUITY
	\$	\$	\$	\$
Balance at 1 July 2015	12,373,816	(11,563,110)	222,933	1,033,639
Profit (loss) for the period	-	(2,673,374)	-	(2,673,374)
Other comprehensive income	-	-	-	-
Total comprehensive income (loss) for the period	-	(2,673,374)	-	(2,673,374)
Shares and options issued during the period	2,310,451	-	60,000	2,370,451
Remuneration options issued during the period	-	-	11,100	11,100
Expiry of options	-	32,196	(32,196)	-
Share and option issue expenses	(180,794)	-	-	(180,794)
Balance at 31 December 2015	14,503,473	(14,204,288)	261,837	561,022
Balance at 1 July 2014	9,240,285	(8,839,496)	487,662	888,451
Profit (loss) for the period	-	(1,596,174)	-	(1,596,174)
Other comprehensive income	-	-	-	-
Total comprehensive income (loss) for the period	-	(1,596,174)	-	(1,596,174)
Shares and options issued during the period	2,121,499	-	123,410	2,244,909
Expiry of options	-	404,233	(404,233)	-
Remuneration options issued during the period	-	-	4,707	4,707
Share and option issue expenses	(255,333)	-	(8,621)	(263,954)
Balance at 31 December 2014	11,106,451	(10,031,437)	202,925	1,277,939

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2015**

AUSTRALIAN DOLLAR (\$)	31 DECEMBER 2015	31 DECEMBER 2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	(2,970,610)	(2,151,109)
Payments to suppliers and employees	(509,592)	(468,192)
Interest received	6,473	9,487
Other – GST	10,803	(10,522)
Research and development grant	1,326,267	797,715
Net cash outflow from operating activities	(2,136,659)	(1,822,621)
CASH FLOWS FROM INVESTING ACTIVITIES		
Tenement acquisition	(100,000)	-
Purchase of plant and equipment	-	(4,544)
Net cash outflow from investing activities	(100,000)	(4,544)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares net of capital raising costs	2,184,606	2,011,972
Issue of options costs	-	(8,621)
Net cash inflow from financing activities	2,184,606	2,003,351
Net (decrease)/increase in cash and cash equivalents	(52,053)	176,186
Cash and cash equivalents at the beginning of the half-year	1,569,200	1,261,659
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	1,517,147	1,437,845

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

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

These general purpose interim financial statements for the half-year reporting period ended 31 December 2015 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of St George Mining Limited and its controlled entities (referred to as the "consolidated group" or "group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2015, 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.

Research & Development Tax Incentives**Change in accounting policy**

The group previously accounted for R&D tax incentives as an income tax benefit. The entity has determined that these incentives are more akin to government grants because they are not conditional upon earning taxable income. The group has therefore made a voluntary change in accounting policy during the reporting period. Refundable tax incentives are now accounted for as a government grant under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance because the directors consider this policy to provide more relevant information to meet the economic decision-making needs of users, and to make the financial statements more relevant.

Reporting Basis and Conventions

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

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

Going Concern Basis

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

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

NOTE 2: SEGMENT INFORMATION

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

NOTE 3: ISSUED CAPITAL

AUSTRALIAN DOLLAR (\$)	31 DECEMBER 2015 \$	31 DECEMBER 2014 \$
(a) Issued and paid up capital		
At the beginning of the reporting period	12,373,816	9,240,285
18 November 2015: 22,630,631 shares issued at \$0.08 per share	1,810,451	-
29 July 2015: 5,555,556 shares issued at \$0.09 per share	500,000	-
9 October 2014: 1,500,001 shares issued at \$0.09 per share	-	135,000
3 October 2014: 18,005,554 shares issued at \$0.09 per share	-	1,620,499
22 July 2014: 3,050,001 shares issued at \$0.12 per share	-	366,000
Transactions costs arising from issue of shares	(180,794)	(255,333)
At reporting date 160,025,857 (31 December 2014: 111,831,806) fully paid ordinary shares	14,503,473	11,106,451
	31 DECEMBER 2015	31 DECEMBER 2014
Movements in Ordinary Shares	Number	Number
At the beginning of reporting period	131,839,670	89,276,250
Shares issued during the reporting period	28,186,187	22,555,556
Shares issued pursuant to exercise of options	-	-
Balance at reporting date	160,025,857	111,831,806
	Number	Number
Movements in Performance Shares		
At the beginning of reporting period	100	100
Expired during the period	(100)	-
Balance at reporting date	-	100

(b) Share Option Reserve

AUSTRALIAN DOLLAR (\$)	31 DECEMBER 2015 \$	31 DECEMBER 2014 \$
Issued Options		
At the beginning of the reporting period	222,933	487,662
Options issued – share based payments	60,000	123,410
Class C Options – share based payments	-	4,707
Class D Options – share based payments	3,840	-
Class E Options – share based payments	7,260	-
Expiry of options transferred to accumulated losses	(32,196)	(404,233)
Transactions costs for options	-	(8,621)
At reporting date	261,837	202,925

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 2015 Number	Options Issued Number	Options Exercised/Expired Number	Closing Balance 31 December 2015 Number
30.06.2017	(i), (ii), (iii)	\$0.20	18,602,469	15,570,025	-	34,172,494
30.06.2016		\$0.30	3,029,525	-	-	3,029,525
28.11.2016	(iv)	\$0.30	-	600,000	-	600,000
28.11.2017	(v)	\$0.50	-	600,000	-	600,000
28.11.2015	(vi)	\$0.40	1,000,000	-	(1,000,000)	-

- (i) On 29 July 2015 the Company issued 1,851,852 Listed Options under a placement to institutional investors and 402,857 Listed Options for advisory services provided.
- (ii) On 18 November 2015 the Company issued 11,315,316 Listed Options under a placement to institutional investors.
- (iii) On 2 November 2015 the Company agreed to issue 2,000,000 Listed Options to brokers in relation to the November 2015 placement to institutional investors.
- (iv) On 27 November 2015 the Company issued a total of 600,000 Class D Options under the Company's Incentive Option Plan.
- (v) On 27 November 2015 the Company issued a total of 600,000 Class E Options under the Company's Incentive Option Plan.
- (vi) On 28 November 2015 options expired.

Using the Black & Scholes option model and based on the assumptions below, the Options were ascribed the following values;

Class of Options	Note	Valuation Date	Market Price of Shares	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility	Indicative Value Per Options	Total Value of Options
Unlisted Options	(iv)	27.11.2015	\$0.07	\$0.30	27.11.2016	2.09%	110%	\$0.0064	\$3,840
Unlisted Options	(v)	27.11.2015	\$0.07	\$0.50	27.11.2017	2.09%	110%	\$0.0121	\$7,260

NOTE 4: CONTINGENCIES

	CONSOLIDATED	
	31 DECEMBER 2015	31 DECEMBER 2014
	\$	\$
Estimate of the potential financial effect of contingent liabilities that may become payable.		
Contingent Liabilities	-	-
	-	-
	-	-

NOTE 5: SUBSEQUENT EVENTS

The Company announced on 14 March 2016 that a further share placement had been arranged to raise \$2.125m from the issue of 25,000,000 shares at \$0.085 each. These new shares are scheduled to be issued on 21 March 2016.

On 29 January 2016 the Company announced that it had completed the previously announced acquisition of a 75% interest in the Mt Alexander Project from BHP Nickel West Pty Ltd ("Nickel West"). The consideration payable to Nickel West by St George for the acquisition of the 75% interest in the Mt Alexander Project was \$300,000. On 17 December 2015 the Company paid \$60,000 and \$240,000 was paid on 29 January 2016.

On 29 January 2016 St George allotted 3,500,000 ordinary fully shares to Western Areas Limited, which agreed to not exercise its right of pre-emption over Nickel West's interest in the Mt Alexander Project. For further details of the terms for the acquisition of the Mt Alexander Project, see our ASX Release dated 17 December 2015 "New High Grade Nickel-Copper Sulphide Project".

On 2 November 2015 the Company agreed to issue 2,000,000 Listed Options to brokers in relation to the November 2015 placement to institutional investors. On 4 February 2016 St George allotted the 2,000,000 Listed Options.

Other than those mentioned above no matter or circumstance has arisen since 31 December 2015, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

NOTE 6: ESTIMATES AND ASSUMPTIONS

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

Future Rehabilitation

The Group measures the cost of future rehabilitation in relation to its tenements based on probable cost estimations at the date upon which tenements are altered from their original state. Estimated values are determined using local data available. No rehabilitation provision is considered necessary at 31 December 2015.

NOTE 7: SUBSIDIARIES

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

Subsidiaries of St George Mining Limited	Country of Incorporation	Percentage Owned %	
		2015	2014
Desert Fox Resources Pty Ltd	Australia	100%	100%
Blue Thunder Resources Pty Ltd	Australia	100%	100%

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 17 to 21 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 2015 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, 15 March 2016

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of St George Mining Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2015, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity, and condensed consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for St George Mining Limited ("the consolidated entity"). The consolidated entity comprises both St George Mining Limited ("the company") and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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 15 March 2016.

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 2015 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.

Inherent Uncertainty Regarding Going Concern

Without qualification to the conclusion expressed above, attention is drawn to the following matter:

As referred to in Note 1 to the financial statements, the financial statements have been prepared on the going concern basis. The consolidated entity comprising the Company and its subsidiaries has incurred a loss before tax of \$2,673,374 for the half year ended 31 December 2015. The working capital as at 31 December 2015 is \$46,909. The ability of the consolidated entity to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the consolidated entity raising further working capital and/or successfully exploiting its mineral assets. In the event that the consolidated entity is not successful in raising further equity or successfully exploiting its mineral assets, the consolidated entity may not be able to meet its liabilities as and when they fall due and the realisable value of the consolidated entity's non-current assets may be significantly less than book values.

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

Stantons International


Samir Tirodkar
Director

West Perth, Western Australia
15 March 2016