

3 October 2013

ST GEORGE TAKES 100% CONTROL OF NICKEL RIGHTS AT EAST LAVERTON

HIGHLIGHTS

- **St George consolidates 100% ownership of all nickel rights at East Laverton Property**
- **Unique opportunity with single ownership of large emerging nickel mineral field**
- **Millions of dollars of exploration data available to St George**
- **All high priority nickel prospects now available for immediate follow-up by St George**
- **Single ownership of contiguous tenements allows for cost efficient exploration**
- **Highly prospective northern extension of Cambridge ultramafic unit now 100% St George**
- **Review and prioritisation of all nickel sulphide targets is underway**
- **Company confident it is at the point of a major exploration breakthrough**

NEW NICKEL EXPLORATION STRATEGY

St George Mining Limited (ASX: **SGQ**) (“St George Mining” or “the Company”) is pleased to announce its new nickel exploration strategy for the East Laverton Property in the NE Goldfields of Western Australia.

The new exploration strategy comes with the consolidation of the nickel rights at the East Laverton Property following the termination of the Project Dragon farm-in arrangement (see Figure 1).

Exploration under Project Dragon was successful in identifying primary nickel sulphide mineralisation at the East Laverton Property and confirming the Company’s belief in the outstanding nickel sulphide potential of the Property.

The highly prospective nickel targets generated by Project Dragon will now be owned and controlled wholly by St George Mining, and will be incorporated into a structured exploration programme to be implemented by the Company across the entire East Laverton Property.

John Prineas, Executive Chairman of St George Mining said:

“The Company has regained 100% ownership of an emerging nickel mineral field, securing all the upside of any new discoveries for our shareholders. This creates substantial value for our shareholders.

“Project Dragon was an excellent means to advance through the initial high-risk stage of nickel exploration at East Laverton. St George will now move forward on the solid foundation built from almost \$3 million of exploration work funded and conducted by a major mining company.

“The work that has been completed has unequivocally confirmed the presence of nickel sulphides at East Laverton. The technical merit of the project is outstanding and we have sound reasons to be very optimistic that a significant discovery is near.

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“Junior miners like ourselves have a pioneering spirit that drives a passion to do the hard yards of exploration and to take investment risk. Larger companies can be more focused on corporate goals with short term timeframes which may not be consistent with a commitment to exploration.

“To quote one of our most successful peers, ‘Being small is better as well because they’re efficient teams with a single goal, it’s not a multinational with all sorts of departments competing against one another which often obscures the real purpose.’¹

“St George has learned a significant amount about the nickel prospectivity of our East Laverton Property since we entered into the Project Dragon farm-in arrangement in early 2011. Since that time we have had significant exploration success in our own right at East Laverton, while at the same time obtaining tremendously valuable experience via Project Dragon.

“We are very excited to have consolidated 100% ownership of this flagship asset which gives us the best opportunity to take advantage of its exciting potential through a concerted programme that we can control across the whole project area.

“St George now has the rare exploration opportunity to make a discovery of global significance.”

NEW STRATEGY CREATES ENHANCED EXPLORATION POTENTIAL

The consolidation of the nickel tenements at the East Laverton Property into sole and exclusive control by St George Mining will create important synergies and cost efficiencies for future exploration.

A large number of new nickel exploration zones, formerly within Project Dragon, are now owned exclusively by St George and will be incorporated into St George’s ongoing exploration programme.

In several cases, the previous separation of Project Dragon targets and St George tenements has restricted the effectiveness of exploration. For example, the areas around the disseminated nickel sulphide intersections at drill holes DRAC 35 and DRAC 38 straddle the boundary of a Project Dragon tenement and a 100% St George tenement. Consideration of sharing arrangements for exploration of these targets will no longer be necessary, removing a constraint on further exploration work.

Another major benefit of the tenement consolidation is the incorporation of the northern portion of the large ultramafic dunite body into St George’s priority Cambridge Nickel Project (see Figure 2). The exploration work already completed on the majority of the body will expedite the assessment of this area, especially the more prospective north eastern portion of Cambridge which remains to be drilled.

Overall, the tenement consolidation will maximise the potential for exploration success at the East Laverton Property while improving cost management.

KEY GEOLOGICAL MILESTONES REACHED BY PROJECT DRAGON

A significant amount of exploration work was completed as part of the Project Dragon farm-in arrangement, including an initial drilling programme of 35 RC drill holes for a total of 8,560 metres.

This first phase of nickel exploration at the East Laverton Property demonstrated the presence of extensive linear belts of high MgO komatiites and identified nickel sulphide mineralisation – a tremendous result for an inaugural exploration programme on a previously untested area.

¹ “*David and Goliath: how a penny dreadful beat the big boys*”, a presentation by Mark Bennett, Managing Director of Sirius Resources NL at the Resources & Energy Investment Symposium in Broken Hill on 20 May 2013, and as reported in “*Juniors Do It Better: Sirius*” by Justin Niessner in MiningNews.net on 21 May 2013.

The level of exploration risk at East Laverton has been substantially reduced by this work. Future exploration targeting by St George can now be focused on areas with the most likely potential for exploration success.

Key geological milestones achieved by Project Dragon are:

1. Confirmed the presence of high MgO komatiite rocks

The drilling identified thick differentiated sequences of komatiite rocks, with sequences, ranging from high MgO olivine-accumulate rocks (dunite) to more differentiated types with lower Ni and MgO and higher Cr levels. The dunites indicate the location of favourable pathways of lava flows, where thermal interaction between the komatiite lavas and the underlying rocks can result in the formation of nickel sulphide mineralisation. All the mafic rocks intersected by drilling appear to be differentiated from the komatiite sequences overlying the olivine cumulate rocks, rather than being separate igneous sequences that usually occur in other greenstone belts.

The recognition of the significant differentiation of the greenstones is important for exploration. It highlights that when these more mafic phases are encountered when drilling in thick zones of the ultramafics, deeper or lateral drilling in the general area may encounter the required olivine-cumulate rocks. This appears to be the case with several areas tested by the previous Project Dragon drilling and implies significant large target areas, where nickel sulphide mineralisation may be found, remain to be assessed.

2. Confirmed the presence of sulphur rich basement rocks

Nickel sulphide mineralisation is formed by the combination of olivine rich (high MgO) komatiite lavas thermally assimilating the sulphur from the underlying sulphur-enriched basement rocks. The degree and assimilation and contamination of sulphur into these komatiite lavas are a function of the original sulphur content of the rocks. Large nickel deposits require the interaction between large volumes of high MgO komatiite flows and extensive sulphur-enriched basement rocks.

The footwall rocks of the komatiite sequences include very S-rich sedimentary rocks with generally felsic compositions. Such rocks are a typical component in the formation of nickel sulphide deposits. This is an essential feature for nickel sulphide formation and suggests the large scale formation of nickel sulphides is possible, with direct implications for the wider fertility of the komatiite belts. It supports the potential for the occurrence of multiple and large nickel sulphide bodies at the East Laverton Property.

3. Discovery of magmatic nickel sulphides

Disseminated nickel sulphides were identified in drill holes DRAC35 and 38. Minor to trace magmatic sulphide has also been identified in other drill holes in the Stella Range and Central ultramafic belts. The identification of magmatic nickel sulphides within the East Laverton Property at numerous, widespread localities, within the very extensive ultramafic belts, is a very promising indication of the wider nickel potential at East Laverton.

Microscopic examination of the sulphide mineralogy and textures confirm the assay values of these intervals containing magmatic sulphides. Sulphide assemblages consist of pyrrhotite + pentlandite + chalcopyrite. The pentlandite-only occurrence shows classic magmatic sulphide aggregates moulded around the relict olivine grains. The presence of magmatic nickel sulphides is best established at the Stella Range ultramafic sequence at the East Laverton Property, while there is significant potential for the Minigwal and Central ultramafic belts with further refined drilling.

FUTURE EXPLORATION

Our technical team is continuing its review of the exploration data from Project Dragon and integrating this into St George’s own exploration database. This involves a multi-disciplinary review of a significant amount of data, and the process is already indicating that some new nickel targets may be generated for priority follow-up.

The Company is in a position to fast-track exploration at selected priority targets and is planning a significant amount of field work for the remainder of the calendar year. A further announcement on our new exploration programme will be issued in the near future.

Tim Hronsky, Technical Director of St George Mining said:

“We have a very strong technical team working towards a nickel discovery and we are rapidly gathering momentum. Being able to explore at East Laverton without having to worry about tenement boundaries has changed the game. I believe we are near success.”

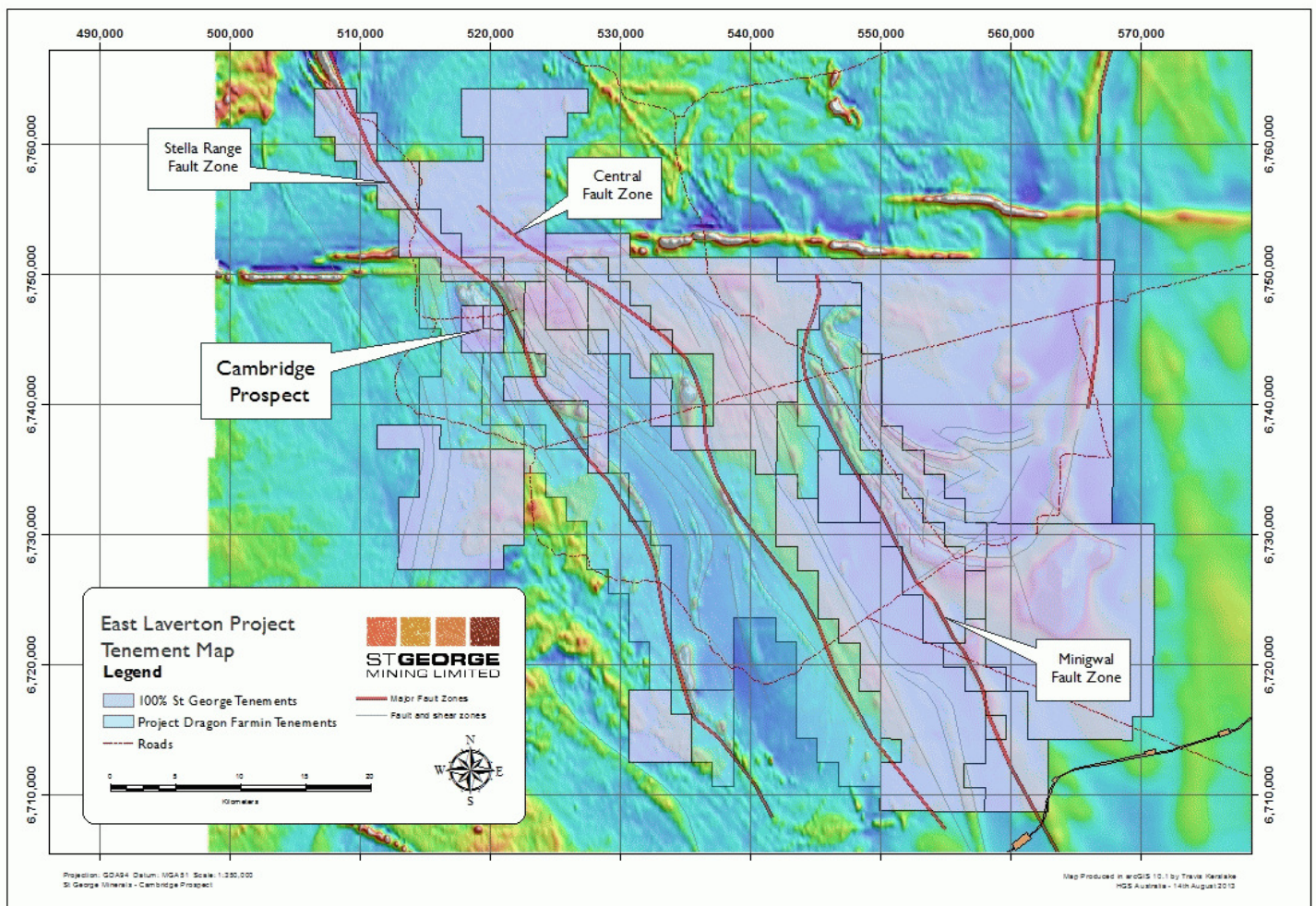


Figure 1 – this map of the tenements at the East Laverton Property illustrates the Project Dragon Farm-in Tenements. The consolidation of these tenements into 100% St George tenements will remove arbitrary restrictions to effective exploration across the tenement package and increase the potential for exploration success

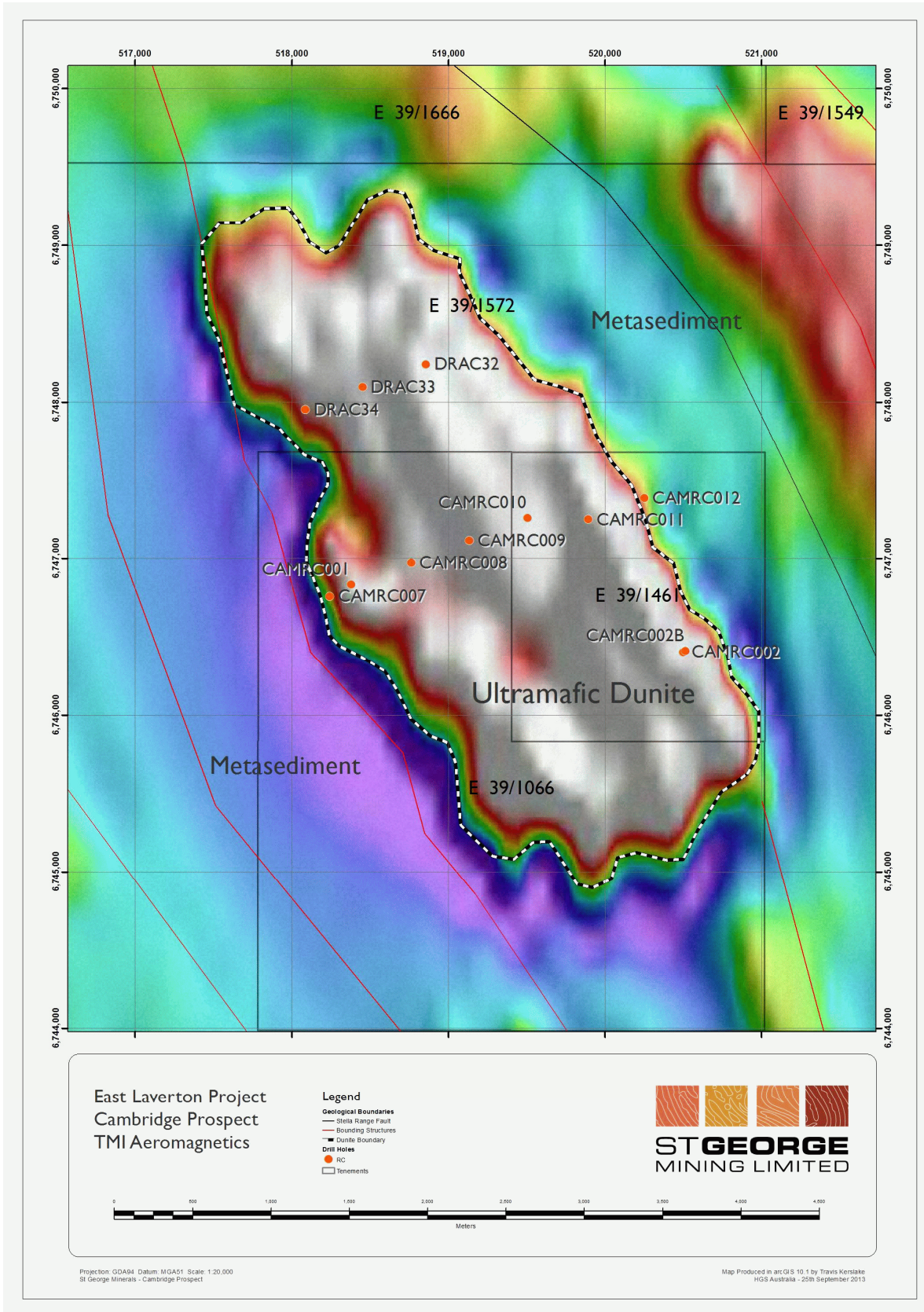


Figure 2 – the entire ultramafic body at Cambridge is now 100% controlled by St George, including the highly prospective northern extension previously within Project Dragon (situated on E39/1572)

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COMPETENT PERSON STATEMENT:

The information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by Andrew Hawker of Hawker Geological Services Pty Ltd. Mr Hawker 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 Hawker 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 Hawker consents to the inclusion of information in this announcement in the form and context in which it appears.