



**ST GEORGE**  
MINING LIMITED

ABN 21 139 308 973

**HALF YEARLY REPORT FOR THE  
HALF YEAR ENDED 31 DECEMBER 2018**



**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 2018 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 2018. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows.

**DIRECTORS**

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

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

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

John Dawson B.Com – Non-Executive Director – Appointed on 2 January 2019

Timothy Hronsky B.ENG (Geology) MAUSIMM, MSEG – Executive Director – Retired on 2 January 2019

**REVIEW AND RESULTS OF OPERATIONS**

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

	<b>2018</b>	
	<b>Revenues</b>	<b>Results</b>
	<b>\$</b>	<b>\$</b>
Revenues and (Loss)	558,552	(4,720,280)

During the six months period the exploration and evaluation expenditure was \$3,907,262. In accordance with the Group's accounting policy these costs were written off. Administration costs were \$1,274,215 and share based payments expense were \$97,355. The income tax refund, of \$524,182, pursuant to the Federal Government's Research and Development Tax Incentive Scheme (included in Revenue) for the year ended 30 June 2018 was received during the period, resulting in a total loss for the six months of \$4,720,280.

## REVIEW OF OPERATIONS

The Board is pleased to present the Review of Operations for the half-year ended 31 December 2018.

### MT ALEXANDER PROJECT

#### ***Drilling Success at Investigators:***

The Company completed a major diamond drill programme at the Investigators Prospect in the second half of 2018 with 25 drill holes completed for 5,049m of drilling.

Outstanding results were delivered by the drilling with the best nickel-copper-cobalt PGE sulphide mineralisation intersected to date in drill holes MAD126 and MAD127:

- **MAD126:**     **7.86m @ 5.70%Ni, 2.11%Cu, 0.18%Co and 2.65g/t total PGEs from 184m including**  
                           **5.25m @ 6.95%Ni, 2.67%Cu, 0.23%Co and 3.10g/t total PGEs from 185m**
  
- **MAD127:**     **8.49m @ 5.78%Ni, 2.64%Cu, 0.18%Co and 3.61g/t total PGEs from 183.9m including**  
                           **6.39m @ 6.48%Ni, 2.77%Cu, 0.21%Co and 3.68g/t total PGEs from 184.42m**

Figure 1 – below left: drill core from MAD126; below right: drill core from MAD127



Figures 2 and 3 below are plan view maps of the Investigators Prospect showing the significant extensions to the continuity of mineralisation achieved by the 2018 drilling. Figure 2 shows nickel-copper sulphide intersections at the commencement of 2018, and Figure 3 shows the additional nickel-copper sulphide intersections of 2019 (the blue drill hole labels).

These results illustrate how the large mineral system is unfolding at Investigators with drilling confirming:

- further high-grade mineralisation within the 1.5km east-west strike of Investigators; and
- increases in the down-plunge extent of mineralisation with significant extensions on each of the MAD60, MAD111 and MAD112 Lines (north-south trending lines) for up to 380m.

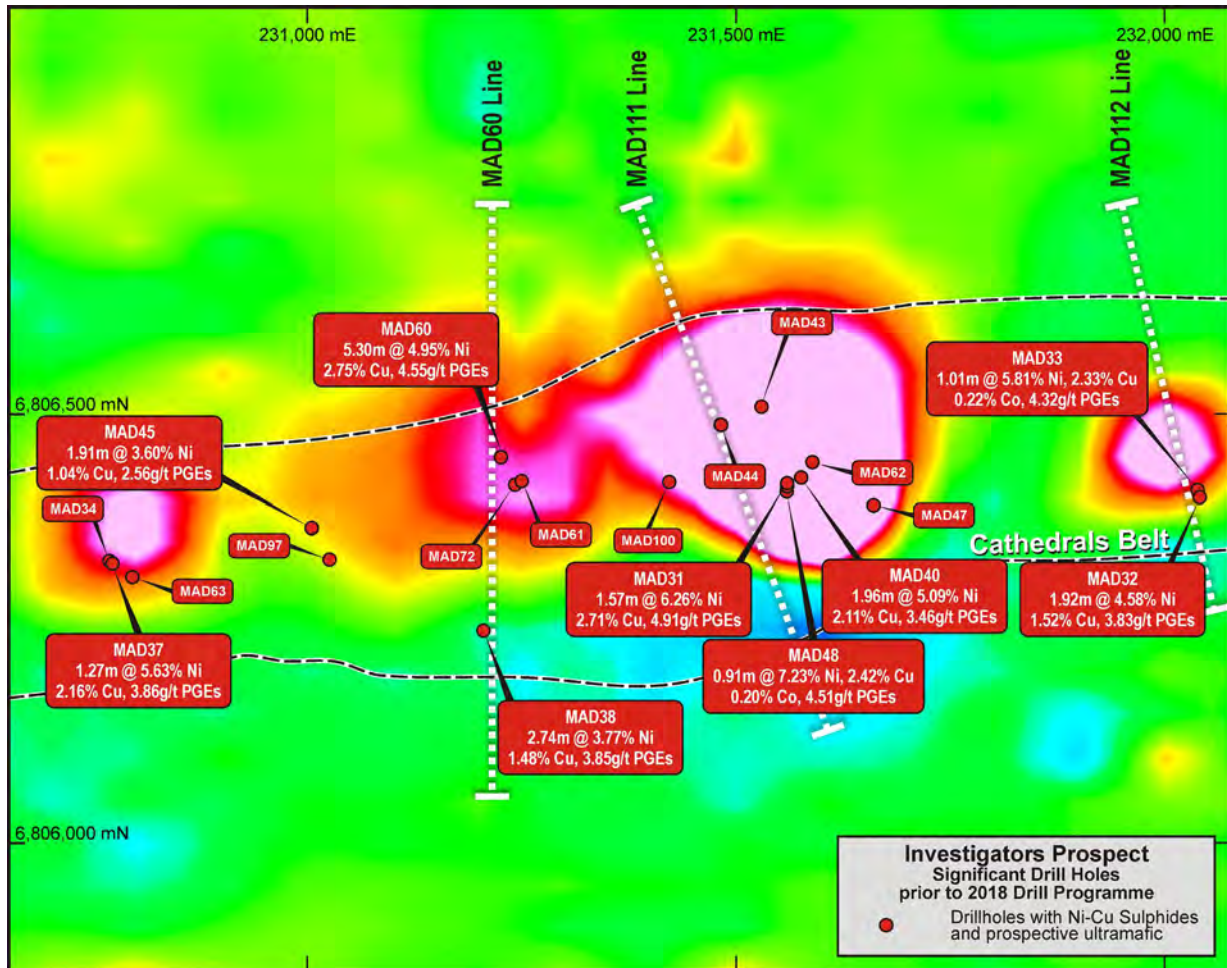


Figure 2 - plan view of Investigators Prospect as at commencement of 2018 with drill hole collar locations over the large SAMSON total field EM anomalies (red/pink colours). SAMSON EM image is shown in Channel 18 (44ms).

Downhole electromagnetic (DHEM) surveys were used concurrently with drilling to successfully identify further conductive material at depth. Several DHEM conductors were drilled and confirmed as high-grade nickel-copper sulphide mineralisation.

A number of DHEM conductors have yet to be drilled, and they will be prioritised for testing when diamond drilling resumes at Mt Alexander in 2019.

Further infill and resource definition drilling will also be planned for the Stricklands and Cathedrals Prospect for completion in 2019.

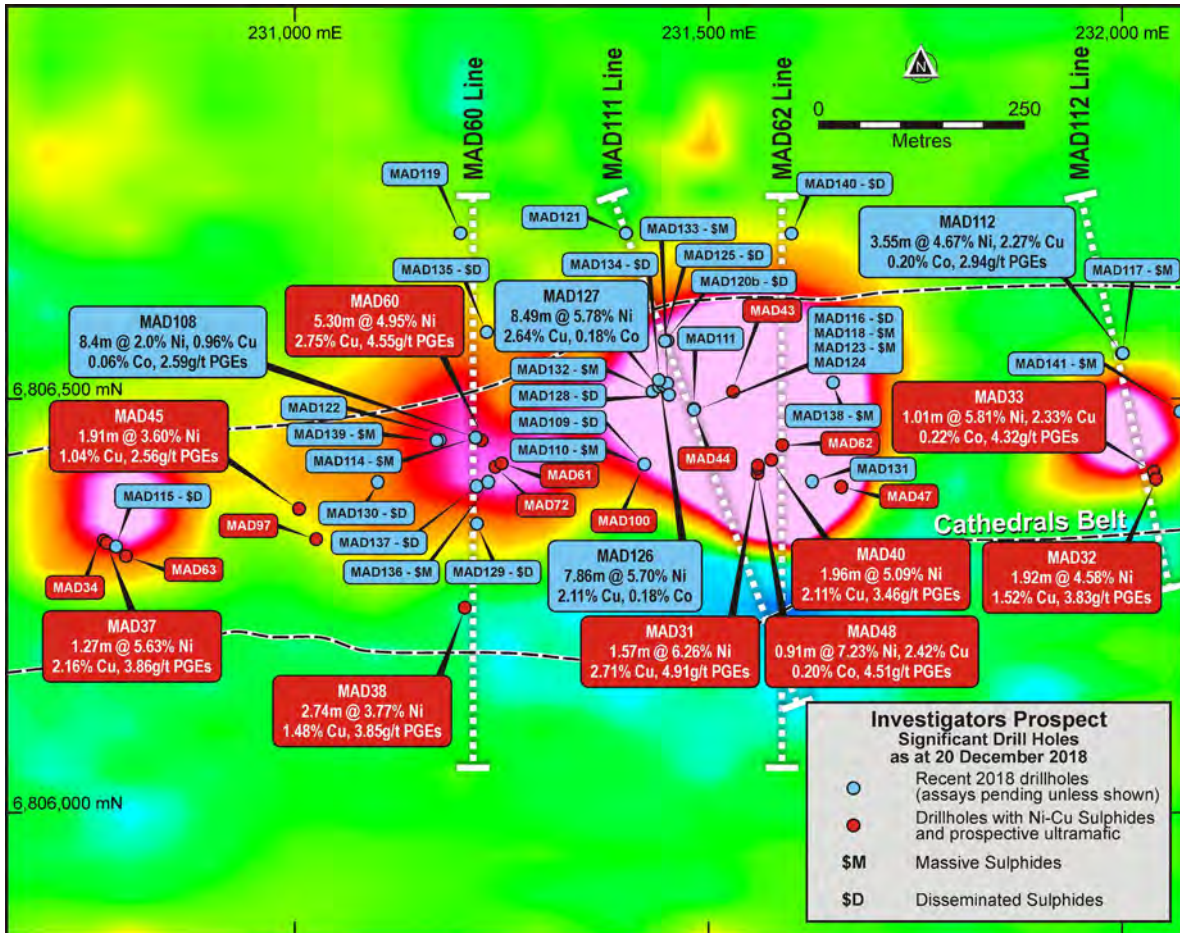


Figure 3 - plan view of Investigators at end of 2018 with drill hole collar locations over the large SAMSON total field EM anomalies (red/pink colours). SAMSON data is shown in Channel 18 (44ms).

### Investigators Cross-section 231225E

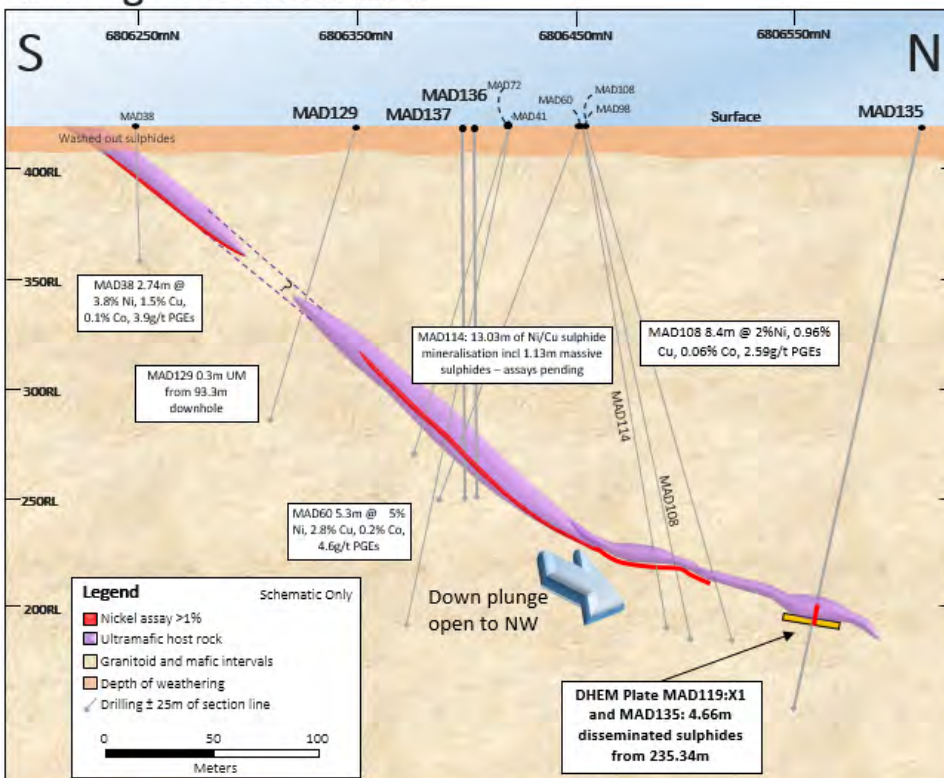


Figure 4 – schematic cross section of the MAD60 Line (facing west) at Investigators based on interpretation of drill hole data. The mineralised ultramafic dips to the north-west, with mineralisation in the south intersected at 30m below surface and mineralisation continuing down-dip. Drilling has confirmed the down-plunge of mineralisation to 380m, with mineralisation open at depth.

**Escalation of Regional Exploration at Mt Alexander:**

Existing exploration has been focused on a 4.5km strike of the Cathedrals Belt, where high-grade discoveries have been made at the Investigators, Stricklands and Cathedrals Prospects.

A number of other areas at the Mt Alexander tenement package are also prospective for nickel-copper sulphides. The following areas, in particular, have been prioritised for exploration in 2019 (see Figure 5):

1. The western extension of the Cathedrals Belt, named the West End Target. This area has a 2.5km east-west strike from the Investigators Prospect to the Ida Fault, and is undrilled.
2. The eastern extension of the Cathedrals Belt, named the Fish Hook Target, with a potential 8km east-west strike.
3. The area to the north of the Cathedrals Belt where east-northeast trending structures similar to the Cathedrals Belt have been observed in magnetic data.
4. A 1,000m undrilled section of the Cathedrals Belt between the high-grade discoveries at the Stricklands and Cathedrals Prospects, named the Fairbridge Target.
5. The Mt Alexander Belt where historical wide-spaced drilling has intersected massive nickel-copper sulphides with very little follow-up exploration, including at the priority Sultans Prospect and Wills More Prospect.

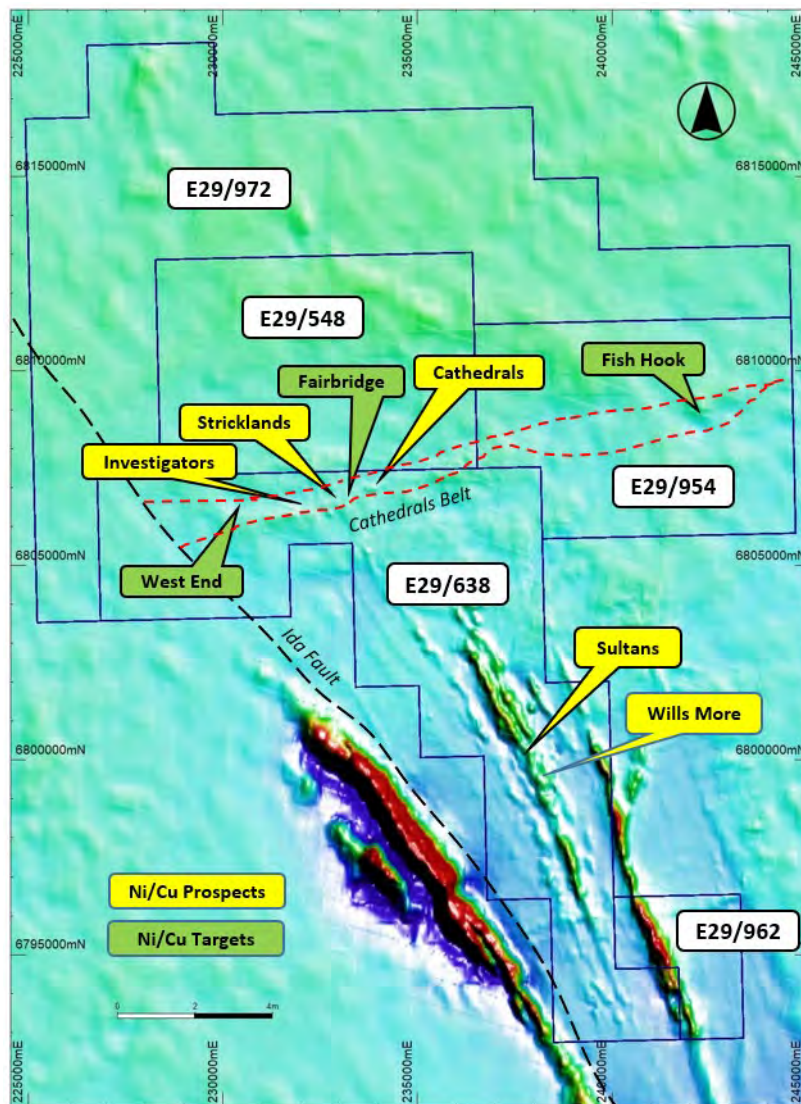


Figure 5 - map of the tenement package at Mt Alexander set against RTP magnetic data, showing the key prospects and targets under exploration.

**About the Mt Alexander Project:**

The Mt Alexander Project is located 120km south-southwest of the Agnew-Wiluna belt which hosts numerous world class nickel deposits. The Project comprises five granted exploration licences – E29/638, E29/548, E29/962, E29/954 and E29/972.

The Cathedrals, Stricklands and Investigators nickel-copper-cobalt-PGE discoveries are located on E29/638, which is held in joint venture by St George (75%) and Western Areas Limited (25%). St George is the Manager of the Project with Western Areas retaining a 25% non-contributing interest in the Project (in regard to E29/638 only) until there is a decision to mine.

**EAST LAVERTON PROJECT:**

**Large Gold Bearing Mineral System:**

A major diamond drilling programme was completed in Q3 2018 to test a number of new gold targets at the East Laverton Project. The drilling targeted structural breaks within the prospective lithologies (strongly magnetic dolerite units), as indicated by low magnetic responses.

The gold targets being tested were primarily identified following the new airborne magnetic survey completed by St George at the Project in Q2 2018. The survey generated high resolution magnetic data for three priority gold prospects – Ascalon, Athena and Bristol – and identified thick, linear strongly magnetic dolerite units which are lithologies known to host large gold deposits in the Yilgarn Craton.

Structural breaks within these dolerites, as indicated by low magnetic responses, were targeted by the drilling. Figures 6 and 7 show the location of the recently completed drill holes.

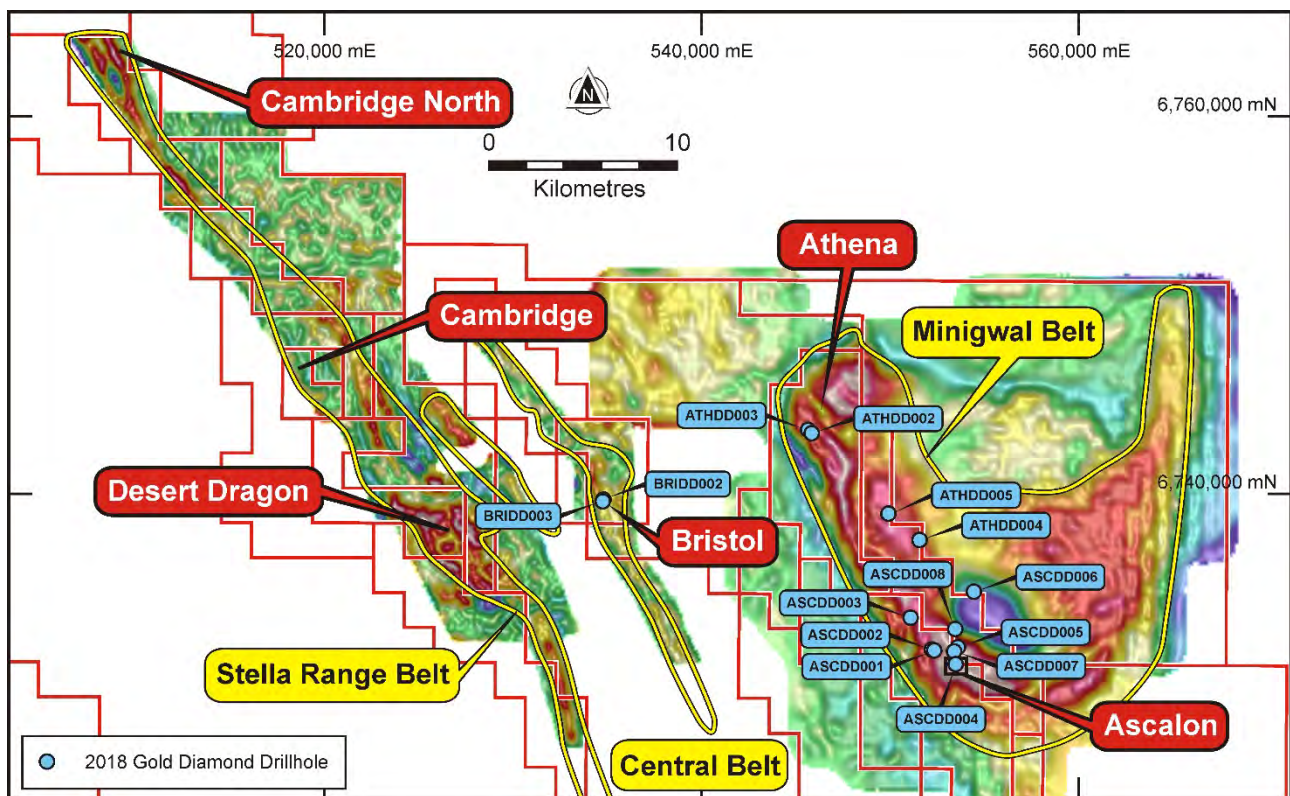


Figure 6 – gold targets at the East Laverton Project set against gravity data, showing the recent drill holes completed



The widely spaced drill hole programme returned multiple intersections of dolerite with quartz veining and sulphide mineralisation – indicative of a large mineral system that is prospective for gold mineralisation.

The widely spaced drill programme intersected favourable host rocks – dolerite with quartz veining and sulphide occurrences – over a broad area. Confirmation by assays of anomalous gold value in multiple drill holes is a positive indicator of a large mineral system that is prospective for gold mineralisation. Gold mineralisation appears to be associated with occurrence of sulphides, with a review ongoing to determine the extent of this connection.

Further work is planned to follow up the anomalous responses returned from the drilling, particularly at Ascalon.

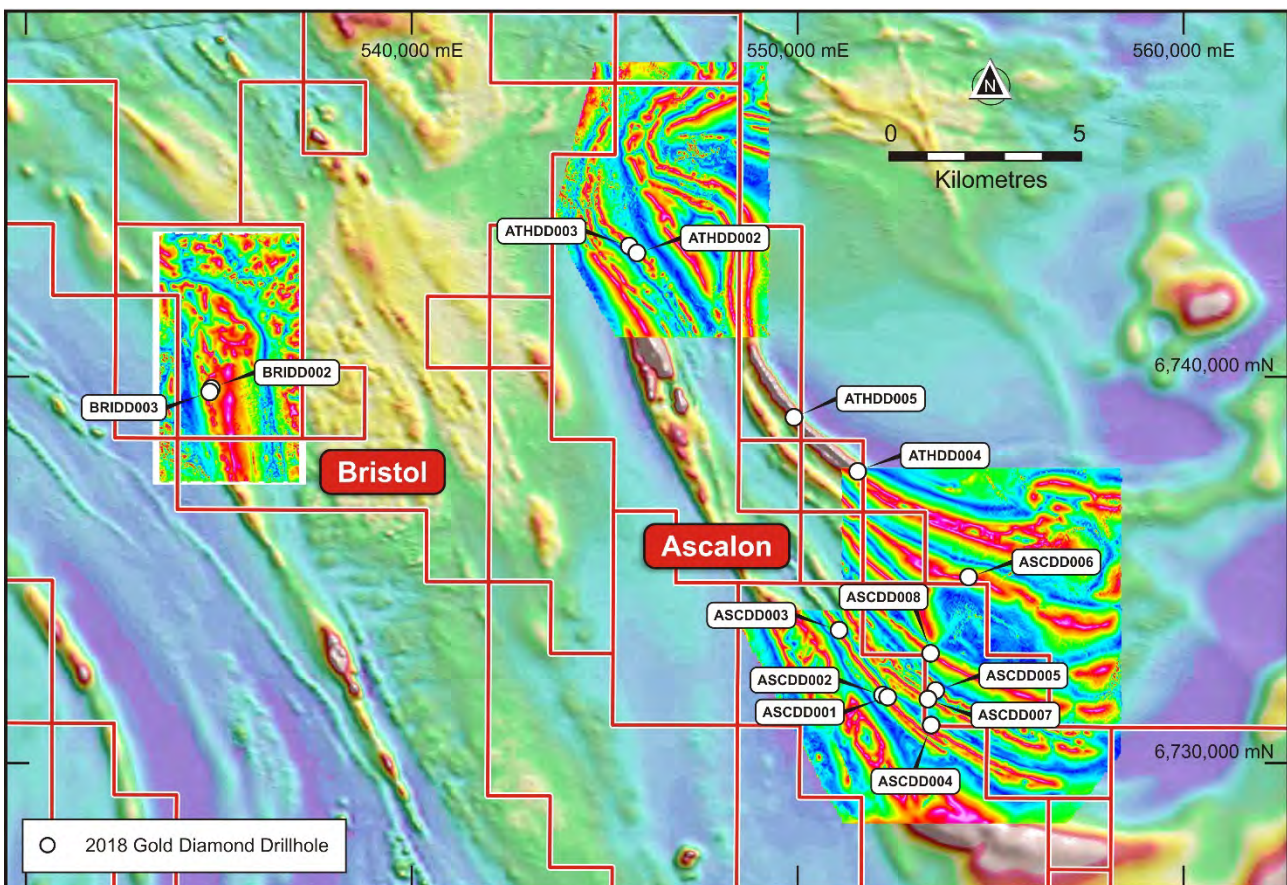


Figure 7 – the three blocks flown in the 2018 aeromag survey at East Laverton show the new high resolution magnetic data with recent drill holes (set against regional RTP (NE sun-angle) magnetics).

### **TECHNICAL TEAM IS BOOSTED**

Dave O’Neill joined the Company’s technical team in November 2018 as Exploration Manager. Mr O’Neill has more than 20 years’ experience as a geologist in the mining industry with particular expertise in nickel sulphide exploration gained in senior roles with WMC Resources, BHP and Western Areas.

At Western Areas, Mr O’Neill worked with Charles Wilkinson, Technical Consultant to St George and previously the General Manager Exploration for Western Areas.

During his term at BHP and Western Areas respectively, Mr O'Neill managed and supervised exploration programmes at the Mt Alexander Project for each of those companies.

In December 2018, Dave Mahon also joined the Company's technical team. Mr Mahon is a geologist with over 7 years' experience in the mining industry. He has specialist expertise in nickel sulphides gained from 6 years employment at Western Areas where his roles included exploration geologist and mine geologist at Forresteria.

## **BOARD CHANGES**

On 2 January 2018, Tim Hronsky retired as a director of the Company and John Dawson was appointed a non-executive director of St George Mining.

Mr Dawson has over 30 years' experience in the finance and mining sectors where he occupied very senior roles with global investment banks including Goldman Sachs and Dresdner Kleinwort Wasserstein.

At Goldman Sachs, Mr Dawson was a Managing Director of FICC (Fixed Income, Currency and Commodities) for Australia. At Dresdner Kleinwort Wasserstein, Mr Dawson was Global Head of Commodities as well as the Country Head for Australia.

## **COMPETENT PERSON STATEMENT:**

### Mt Alexander Project:

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves for the Mt Alexander Project is based on information compiled by Mr Dave O'Neill, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr O'Neill is employed by St George Mining Limited to provide technical advice on mineral projects, and he holds performance rights issued by the Company.

Mr O'Neill 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 O'Neill consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

### East Laverton Project:

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves for the East Laverton Project is based on information compiled by Mr Benjamin Pollard, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Pollard is employed by Cadre Geology and Mining Pty Ltd which has been retained by St George Mining Limited to provide technical advice on mineral projects.

Mr Pollard 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 Pollard consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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

- 5 July 2017 *High Grade Nickel-Copper-Cobalt-PGEs at Investigators*
- 6 July 2017 *Nickel Sulphide Exploration at Windsor is Escalated*
- 19 July 2017 *High Grade Nickel-Copper-Cobalt-PGEs at Investigators*
- 26 October 2017 *Drilling Commences at Mt Alexander*
- 4 June 2018 *Assays Confirm High Grades at Mt Alexander*
- 19 June 2018 *New EM Conductors Ready for Drilling at Mt Alexander*
- 21 June 2018 *Assays Confirm Further High Grades at Mt Alexander*
- 25 June 2018 *Drill Programme Expanded at Mt Alexander*
- 23 July 2018 *High-Grade Nickel-Copper Sulphides in First Drill Hole*
- 15 August 2018 *Further High-Grade Nickel-Copper Sulphides*
- 24 August 2018 *Mt Alexander Continues to Deliver Outstanding Results*
- 5 September 2018 *Mt Alexander – Drilling Update*
- 18 September 2018 *More Strong Results at Mt Alexander*
- 3 October 2018 *Downhole EM Surveys Light Up Strong Conductors*
- 19 October 2018 *Extension to High-Grade Mineralisation at Mt Alexander*
- 25 October 2018 *Best Ever Intercept at Investigators*
- 1 November 2018 *More Massive Nickel-Copper Sulphides at Investigators*
- 20 November 2018 *Further Extensions to Nickel-Copper Sulphides At Mt Alexander*
- 30 November 2018 *Assays Confirm Best Ever Intercepts*
- 20 December 2018 *Strong Results Continue at Mt Alexander*
- 31 January 2019 *More Outstanding Nickel-Copper Sulphide Targets*

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.

**For further information, please contact:**

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Executive Chairman

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**SUBSEQUENT EVENTS**

There is no matter or circumstance that has arisen since 31 December 2018, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 13.

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



John Prineas  
Executive Chairman  
**St George Mining Limited**  
15 March 2019

15 March 2019

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

Dear Sirs

**RE: ST GEORGE MINING LIMITED**

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

As Audit Director for the review of the financial statements of St George Mining Limited for the half year ended 31 December 2018, 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)**



**Martin Michalik**  
**Director**

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

AUSTRALIAN DOLLAR (\$)	NOTES	31 DECEMBER 2018	31 DECEMBER 2017
<b>REVENUE FROM CONTINUING OPERATIONS</b>			
Interest		34,370	25,870
Research and Development Tax Incentive		524,182	1,887,393
Other income		-	-
<b>EXPENDITURE</b>			
Administration expenses		(1,274,215)	(651,548)
Share based payments	3(b)	(97,355)	-
Exploration expenditure written off		(3,907,262)	(2,500,122)
<b>LOSS BEFORE INCOME TAX</b>		<b>(4,720,280)</b>	<b>(1,238,407)</b>
Income tax benefit		-	-
<b>LOSS AFTER INCOME TAX</b>		<b>(4,720,280)</b>	<b>(1,238,407)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Items that will not be reclassified to Profit or Loss		-	-
Items that may be reclassified subsequently to Profit or Loss		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(4,720,280)</b>	<b>(1,238,407)</b>
<b>LOSS AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE COMPANY</b>			
		<b>(4,720,280)</b>	<b>(1,238,407)</b>
<b>COMPREHENSIVE INCOME LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF THE COMPANY</b>			
		<b>(4,720,280)</b>	<b>(1,238,407)</b>
<b>EARNINGS PER SHARE</b>			
Basic and diluted loss per share (cents)		(1.58)	(0.49)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2018

AUSTRALIAN DOLLAR (\$)	NOTE	31 DECEMBER 2018	30 JUNE 2018
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,175,758	5,948,692
Trade and other receivables		47,305	38,623
Other assets		294,821	189,939
<b>TOTAL CURRENT ASSETS</b>		<b>2,517,884</b>	<b>6,177,254</b>
<b>NON-CURRENT ASSETS</b>			
Security bond		1,000	1,000
Plant and equipment		40,456	14,145
<b>TOTAL NON-CURRENT ASSETS</b>		<b>41,456</b>	<b>15,145</b>
<b>TOTAL ASSETS</b>		<b>2,559,340</b>	<b>6,192,399</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		2,341,409	1,401,598
Provisions		80,755	27,903
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,422,164</b>	<b>1,429,501</b>
<b>TOTAL LIABILITIES</b>		<b>2,422,164</b>	<b>1,429,501</b>
<b>NET ASSETS</b>		<b>137,176</b>	<b>4,762,898</b>
<b>EQUITY</b>			
Contributed equity	3(a)	30,511,418	30,514,215
Share option reserve	3(b)	309,497	212,142
Accumulated losses		(30,683,739)	(25,963,459)
<b>TOTAL EQUITY</b>		<b>137,176</b>	<b>4,762,898</b>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Australian (\$)	SHARE CAPITAL \$	ACCUMULATED LOSSES \$	SHARE OPTIONS RESERVE \$	TOTAL EQUITY \$
<b>Balance at 1 July 2018</b>	<b>30,514,215</b>	<b>(25,963,459)</b>	<b>212,142</b>	<b>4,762,898</b>
Profit (loss) for the period	-	(4,720,280)	-	(4,720,280)
Other comprehensive income	-	-	-	-
Total comprehensive income (loss) for the period	-	(4,720,280)	-	(4,720,280)
Shares issued during the period	-	-	-	-
Option based payments	-	-	97,355	97,355
Expiry of options	-	-	-	-
Share and option issue expenses	(2,797)	-	-	(2,797)
<b>Balance at 31 December 2018</b>	<b>30,511,418</b>	<b>(30,683,739)</b>	<b>309,497</b>	<b>137,176</b>
<b>Balance at 1 July 2017</b>	<b>24,142,945</b>	<b>(21,771,632)</b>	<b>430,876</b>	<b>2,802,189</b>
Profit (loss) for the period	-	(1,238,407)	-	(1,238,407)
Other comprehensive income	-	-	-	-
Total comprehensive income (loss) for the period	-	(1,238,407)	-	(1,238,407)
Shares issued during the period	17,505	-	-	17,505
Option based payments	-	-	-	-
Expiry of options	-	192,850	(192,850)	-
Share and option issue expenses	-	-	(33,153)	(33,153)
<b>Balance at 31 December 2017</b>	<b>24,160,450</b>	<b>(22,817,189)</b>	<b>204,873</b>	<b>1,548,134</b>

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



CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE  
HALF YEAR ENDED 31 DECEMBER 2018

AUSTRALIAN DOLLAR (\$)	31 DECEMBER 2018	31 DECEMBER 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Expenditure on mining interests	(2,830,022)	(3,179,216)
Payments to suppliers and employees	(1,323,660)	(786,951)
Interest received	34,988	28,941
Other – GST	(9,300)	12,089
Research and development grant	524,182	1,887,393
<b>Net cash outflow from operating activities</b>	<b>(3,603,812)</b>	<b>(2,037,744)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of plant and equipment	(31,963)	-
<b>Net cash outflow from investing activities</b>	<b>(31,963)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Capital raising costs	(137,159)	(15,648)
<b>Net cash (outflow) from financing activities</b>	<b>(137,159)</b>	<b>(15,648)</b>
Net (outflow) in cash and cash equivalents	(3,772,934)	(2,053,392)
Cash and cash equivalents at the beginning of the half-year	5,948,692	4,773,546
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<b>2,175,758</b>	<b>2,720,154</b>

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

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

These general purpose interim financial statements for the half-year reporting period ended 31 December 2018 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 2018, 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.

*Impact of standards issued but not yet applied by the entity*

AASB 16 was issued in February 2016. When applied, it will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The adoption of AASB16 in the financial year ended 30 June 2020 is expected not to have a material impact on the financial statements and the Company has not yet quantified the impact. The estimated impact is expected to be disclosed in the 30 June 2019 annual report. The Board expects the impact to be insignificant.

**Reporting Basis and Conventions**

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

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

**Going Concern Basis**

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

The Consolidated Entity has recorded a net accounting loss of \$4,720,280 and net operating cash outflows of \$3,603,812 for the six months ended 31 December 2018.

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

The Board is confident that the Group will have sufficient funds to finance its operations in the 2019/2020 year following successful completion of future equity raisings or debt financing arrangements.

**NOTE 2: SEGMENT INFORMATION**

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

**NOTE 3: ISSUED CAPITAL**

AUSTRALIAN DOLLAR (\$)	31 DECEMBER 2018 \$	31 DECEMBER 2017 \$
<b>(a) Issued and paid up capital</b>		
At the beginning of the reporting period	30,514,215	24,142,945
Exercise of Listed Options	-	17,505
Transactions costs arising from issue of shares	(2,797)	-
<b>At reporting date 298,116,211 (31 December 2017: 250,448,349) fully paid ordinary shares</b>	<b>30,511,418</b>	<b>24,160,450</b>

Movements in Ordinary Shares	31 DECEMBER 2018 Number	31 DECEMBER 2017 Number
At the beginning of reporting period	298,116,211	250,360,825
Shares issued during the reporting period	-	87,524
<b>Balance at reporting date</b>	<b>298,116,211</b>	<b>250,448,349</b>

**(b) Share Option Reserve**

AUSTRALIAN DOLLAR (\$)	31 DECEMBER 2018 \$	31 DECEMBER 2017 \$
<b>Issued Options/Performance Rights</b>		
At the beginning of the reporting period	212,142	430,876
Performance rights (i)	97,355	-
Expiry of options transferred to accumulated losses	-	(192,850)
Transactions costs arising from issue of shares	-	(33,153)
<b>At reporting date</b>	<b>309,497</b>	<b>204,873</b>

(i) Performance Rights

	<b>31 DECEMBER 2018</b>	<b>30 JUNE 2018</b>
<b>Movements in Performance Rights</b>	<b>Number</b>	<b>Number</b>
At the beginning of reporting period	-	-
Issued during the period	172	-
Cancelled during the period	(20)	-
<b>Balance at reporting date</b>	<b>152</b>	<b>-</b>

140 and 32 performance rights were issued on 15 August 2018 and 17 December 2018, respectively.

The Performance Rights have the following milestones attached to them:

- (i) Class A Performance Rights: in the event that the Undiluted Market Capitalisation of the Company is equal to or higher than AU\$100,000,000.00 for a minimum of 10 consecutive trading days the vesting condition shall be deemed satisfied.
- (ii) Class B Performance Rights: in the event that the Undiluted Market Capitalisation of the Company is equal to or higher than AU\$150,000,000.00 for a minimum of 10 consecutive trading days, the vesting condition shall be deemed satisfied.
- (iii) Class C Performance Rights: the Company announces an inferred 2012 JORC compliant resource at any Project of not less than:
  - (a) in regard to a gold resource, 1,000,000 ounces of Au; or
  - (b) in regard to a nickel resource, 50,000t contained Ni; or
  - (c) in regard to a cobalt resource, 10,000t contained Co.,

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

The performance rights were ascribed the below value:

Date of Issue	Number of Performance Rights (i)			Number of Ordinary Shares on Achievement	Price of Shares (ii)	Total Value (\$)	Expense for the period (\$)
	Class A	Class B	Class C				
15.08.2018	25	25	70	6,000,000	\$0.125	750,000	93,748
17.12.2018	8	8	16	1,600,000	\$0.135	216,000	3,607

(i) Each Performance Right will convert into 50,000 shares.

(ii) The value of the rights was determined as per the date the rights were issued.

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

(ii) Performance Shares

	<b>31 DECEMBER 2018</b>	<b>30 JUNE 2018</b>
<b>Movements in Performance Shares</b>	<b>Number</b>	<b>Number</b>
At the beginning of reporting period	-	100
Issued during the period	-	-
<b>Balance at reporting date</b>	<b>-</b>	<b>100</b>

The hurdles for the conversion of the Performance Shares into Shares were met during the December 2017 period.

Options to take up ordinary shares in the capital of the Company are as follows:

<b>Exercise Period (On or Before)</b>	<b>Note</b>	<b>Exercise Price (\$)</b>	<b>Opening Balance 1 July 2018 Number</b>	<b>Options Issued Number</b>	<b>Options Exercised/Expired Number</b>	<b>Closing Balance 31 December 2018 Number</b>
30.09.2020	-	\$0.20	24,579,714	-	-	24,579,714
02.12.2019	-	\$0.25	3,500,000	-	-	3,500,000

#### **NOTE 4: CONTINGENCIES**

There have been no significant changes to commitments or contingencies since 30 June 2018.

#### **NOTE 5: SUBSEQUENT EVENTS**

There is no matter or circumstance that has arisen since 31 December 2018, 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 Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

##### ***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 2018.

##### ***Share-based payment transactions***

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

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

**NOTE 7: SUBSIDIARIES**

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

<b>Subsidiaries of St George Mining Limited</b>	<b>Country of Incorporation</b>	<b>Percentage Owned %</b>	
		<b>2018</b>	<b>2017</b>
Desert Fox Resources Pty Ltd	Australia	100%	100%
Blue Thunder Resources Pty Ltd	Australia	100%	100%
Destiny Nickel Pty Ltd	Australia	100%	-

**DIRECTORS' DECLARATION**

The Directors of the Company declare that:

1. the financial statements and notes, as set out on pages 14 to 22 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 2018 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 2019

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

**Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of St George Mining Limited, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for St George Mining Limited ("the consolidated entity"). The consolidated entity comprises both St George Mining Limited ("the Company") and the entities it controlled during the half year.

*Directors' Responsibility for the Half-Year Financial Report*

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

*Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 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 2019.

*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 2018 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*.

**Material Uncertainty Regarding Going Concern**

Without modifying our 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 a going concern basis. At 31 December 2018, the consolidated entity had cash and cash equivalents of \$2,175,758, current liabilities of \$2,422,164 and net assets of \$137,176. The consolidated entity had incurred a loss for the half year ended 31 December 2018 of \$4,720,280.

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 current and 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 Audit & Consulting Pty Ltd*



**Martin Michalik**  
**Director**

West Perth, Western Australia  
15 March 2019