ASX / MEDIA RELEASE

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ST GEORGE COMPLETES FIRST PHASE OF DRILLING AT CAMBRIDGE NICKEL PROJECT

HIGHLIGHTS

- **First phase of 2013 Cambridge nickel drilling completed**
- **10 RC holes completed for 2,295 metres**
- **Extensive areas of ultramafic encountered with anomalous nickel levels from XRF**
- **Results highlight central area of Cambridge for future deeper testing**
- **Laboratory analysis of drill samples is in process**
- **Two possible areas of gold mineralisation encountered**

2013 DRILLING PROGRAMME – UPDATE

St George Mining Limited (ASX: **SGQ**) ("St George Mining" or "the Company") is pleased to confirm that the first phase of its 2013 drilling programme has been completed. The drilling was focused on multiple nickel targets within the tenements that are 100% owned by St George Mining and which form the Cambridge Nickel Project, located at its East Laverton Property in the North Eastern Goldfields region of Western Australia.

Exploration drilling in 2012 confirmed the presence of extensive fertile high MgO ultramafic rocks and was successful for the first time in identifying disseminated nickel sulphides at the East Laverton Property. This was highly significant as no previous nickel sulphide exploration had been conducted in this area.

St George's 2013 nickel exploration programme at its Cambridge Project was designed to build on the success of 2012 by testing sites for nickel sulphide and gathering detailed geological data to establish a more comprehensive understanding of the controls on nickel mineralisation within the ultramafic belt.

Tim Hronsky, Technical Director of St George Mining said:

"The drilling completed to date has been very successful in refining the understanding of the large and highly prospective ultramafic body at Cambridge, and supports the consistency between Cambridge and the other fertile ultramafic rocks along the Stella Range Belt, where disseminated nickel sulphides have already been located."

First Phase of Drilling Programme Completed

In the first phase of the 2013 drilling programme, 14 reverse circulation (RC) holes were proposed. The plan-holes are shown in Figure 1. Nine of the plan-holes, plus an additional hole designed whilst at site, were completed for a total of 2,295 metres.

The sites for drill holes CAMRC-014 and CAMRC-016 had ground water issues, and these holes have been deferred until more appropriate drilling methods are considered.

CAMRC-003, CAMRC-004 and CAMRC-006 were designed to test the northern extension at Cambridge. The Company's most northern tenement, E39/1722, is still in the application stage and the Company expects it to be granted soon.

Once that tenement is granted, a greater range of nickel sulphide targets will be available in the northern extension of Cambridge and these are proposed to be tested by a more cost effective drilling programme that will include CAMRC-003, CAMRC-004 and CAMRC-006.

CAMRC-005 was deferred pending results from CAMRC-007 and CAMRC-008, which tested the western margin of the Cambridge dunite general area.

CAMRC-002B was added to the programme and was drilled next to CAMRC-002, which was prematurely terminated by adverse weather conditions during the 2012 drilling programme. This supplementary hole was designed to test the area beyond the deepest level attained by CAMRC-002.

Drill samples are being transported from site to SGS Laboratories in Perth for assaying, with assay results expected within about 4 weeks.

The comprehensive geochemical data collected by the XRF analysis will be analysed in the interim period.

Overview of Drill Intersections

Preliminary on-site geological observations and the mobile XRF analysis of the drill samples have been completed by the Company's technical team, and this has provided important information which has assisted in recognising the significance of the intersections encountered in the completed drilling.

A series of six westerly dipping holes (CAMRC-007 to CAMRC-012) were drilled across the central Cambridge body. Anomalous nickel intersections were observed in numerous drill holes.

These nickel values are favourable indications of the fertility of the komatiite magmas that form the ultramafic horizons being explored at Cambridge.

The highest Ni: Cr values, which may indicate an environment with more potential for nickel sulphides, were observed in the centre of the body. This may imply that the exploration for nickel sulphides should be focused more centrally in the ultramafic body and at deeper levels.

This view is supported by the mineral assemblage observed in the geological logging of these Cambridge holes which is consistent with an assemblage that typically occurs above that found within the main target zone in Archean nickel sulphide deposits.

A more definitive assessment and interpretation of drill intersections will be made once all assay data is received from the laboratory and reviewed by our technical team.

Previous magnetic inversion modelling of Cambridge by Southern Geoscience Consulting was found to be accurate in defining the contact tested by CAMRC-002B. This same modelling also indicates that the Cambridge body may reach depths of up to 1,500 m, and supports the large scale potential at Cambridge.

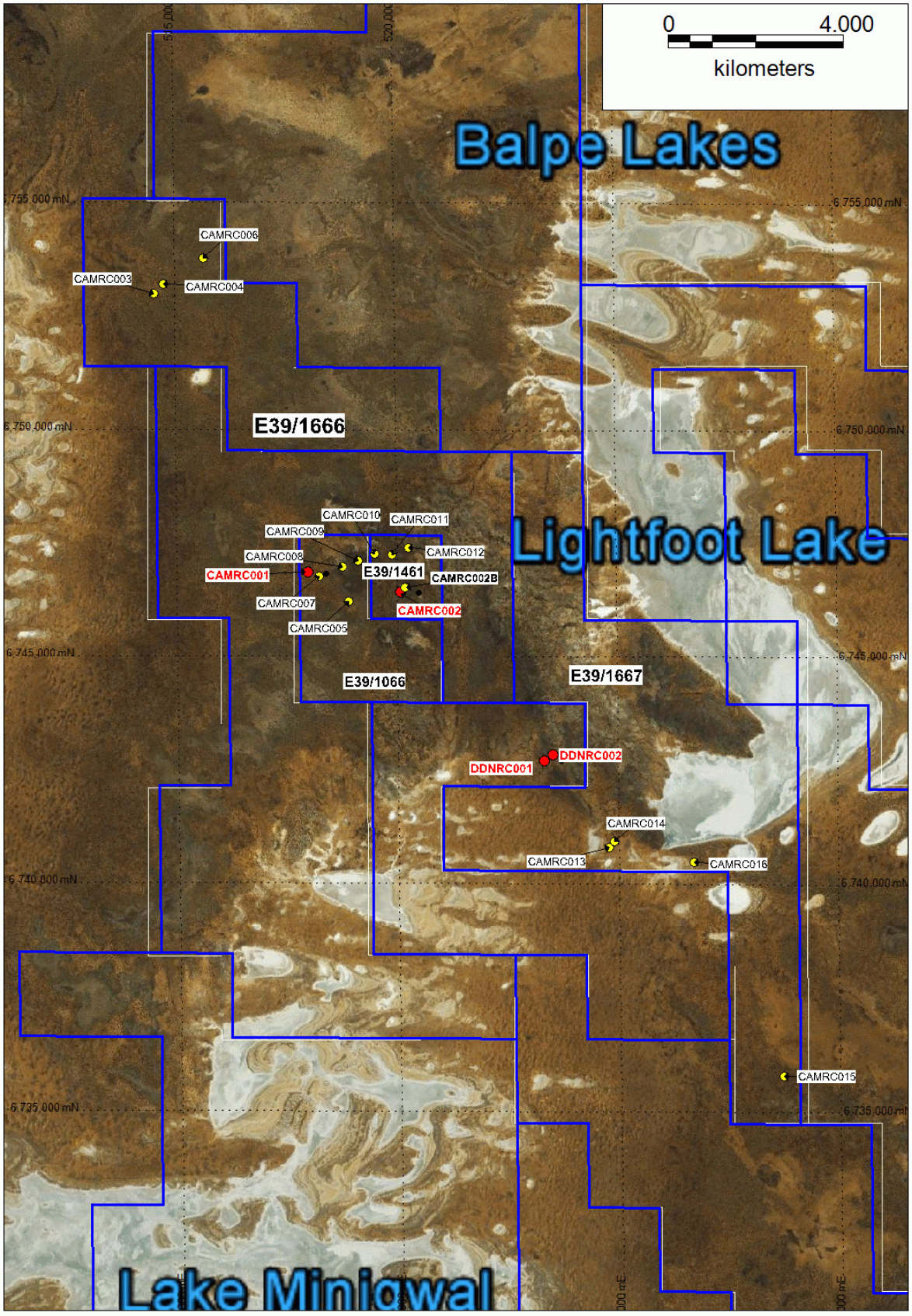

Figure 1 – The 2013 planned drill holes at the Cambridge Nickel Project shown over a Google earth map. The holes marked in red are the 2012 drill holes.

Two areas of potential gold mineralisation were encountered and all drill holes will be assayed for gold.

A shear zone was intersected within the upper levels of the westerly dipping CAMRC-012. The shear zone is likely to be subvertical to easterly dipping and as a consequence only the near-surface section of the shear was tested by CAMRC-012. The shear was strongly weathered and recognisable by a strong mustard yellow-brown colour, characteristic of carbonate alteration in the weathered zones of the Goldfields.

CAMRC-015 encountered a 23 m thick quartz vein at the contact between the overlying pyroxenite and the sulphidic footwall sediments. There were elevated silver (Ag) and then arsenic (As) XRF values on either margin of the vein.

Summary of Findings

The RC drill programme has collected large amounts of new information that assists in understanding the character and controls on nickel mineralisation at the Company's East Laverton Project. A comprehensive review of all this data will be undertaken once the detailed assay information is received.

St George continues to advance the exploration and understanding of this large and very significant nickel target. In particular, this phase of drilling has provided a possible focus for future exploration towards the centre of the ultramafic body beyond the shallow depths tested by current drilling.

The next phase of drilling at Cambridge will be planned once all assay data has been received and reviewed by our technical team. Preliminary indications are that a deeper diamond drilling programme focusing on the centre of the ultramafic body may be appropriate as part of the next phase of drilling at Cambridge.

Details of 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. Results from XRF analysis are stated as indicative only, and are preliminary to subsequent confirmation by geochemical analysis at SGS Laboratories.

The XRF data is useful in assisting in the interpretation of the geological character of the rocks being encountered during drilling. The geochemical analysis from the XRF covers a broad range of elements and allows sophisticated geological modelling using various geochemical indexes and elemental ratios.

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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.