

18 April 2016

ST GEORGE COMMENCES DRILLING OF MASSIVE NICKEL-COPPER SULPHIDE TARGETS AT MT ALEXANDER

HIGHLIGHTS:

- **Diamond drill programme has commenced at the Mt Alexander Project**
- **Drilling will test multiple electromagnetic (EM) conductors in prospective geological positions**
- **Potential for the discovery of high grade massive nickel-copper sulphide mineralisation**

HIGH IMPACT DRILLING UNDERWAY

St George Mining Limited (ASX: **SGQ**) ('St George Mining' or 'the Company') is pleased to announce that the 2016 drilling campaign is underway at the Mt Alexander Project in Western Australia.

A total of 1,425m of diamond drilling is planned to test eleven (11) targets for massive nickel-copper sulphide mineralisation. The targets are untested EM conductors at the Cathedrals and Stricklands Prospects that coincide with magnetic anomalies.

The untested EM conductors being drilled by St George have similar geophysical responses to the three EM conductors drilled in 2008 by BHP Billiton Nickel West, all of which intersected high grade nickel-copper sulphide mineralisation.

St George intends to provide weekly updates on drilling at Mt Alexander although any significant intersections of mineralisation will be reported immediately.

The eleven EM conductors being drilled at Cathedrals and Stricklands are located within a 2km section of the Cathedrals Shear Zone. Figure 1 is a plan view of this prospective area, illustrating the untested conductors and the planned drill holes.

A moving loop EM (MLEM) survey over two additional prospective areas at the Mt Alexander Project, Investigators and the New Target Area, is nearing completion and we will be reporting results once modelling of survey data is completed by Newexco.

St George Mining Executive Chairman, John Prineas said:

"We have identified some outstanding targets for massive nickel-copper sulphides at Mt Alexander, and we are very pleased to have started drilling there.

"This programme will provide the first ever test of the EM conductors at the Stricklands Prospect which we believe are highly prospective for the further discovery of massive nickel sulphides.

"We are very excited about the potential of these prospects and we look forward to reporting drill results soon."

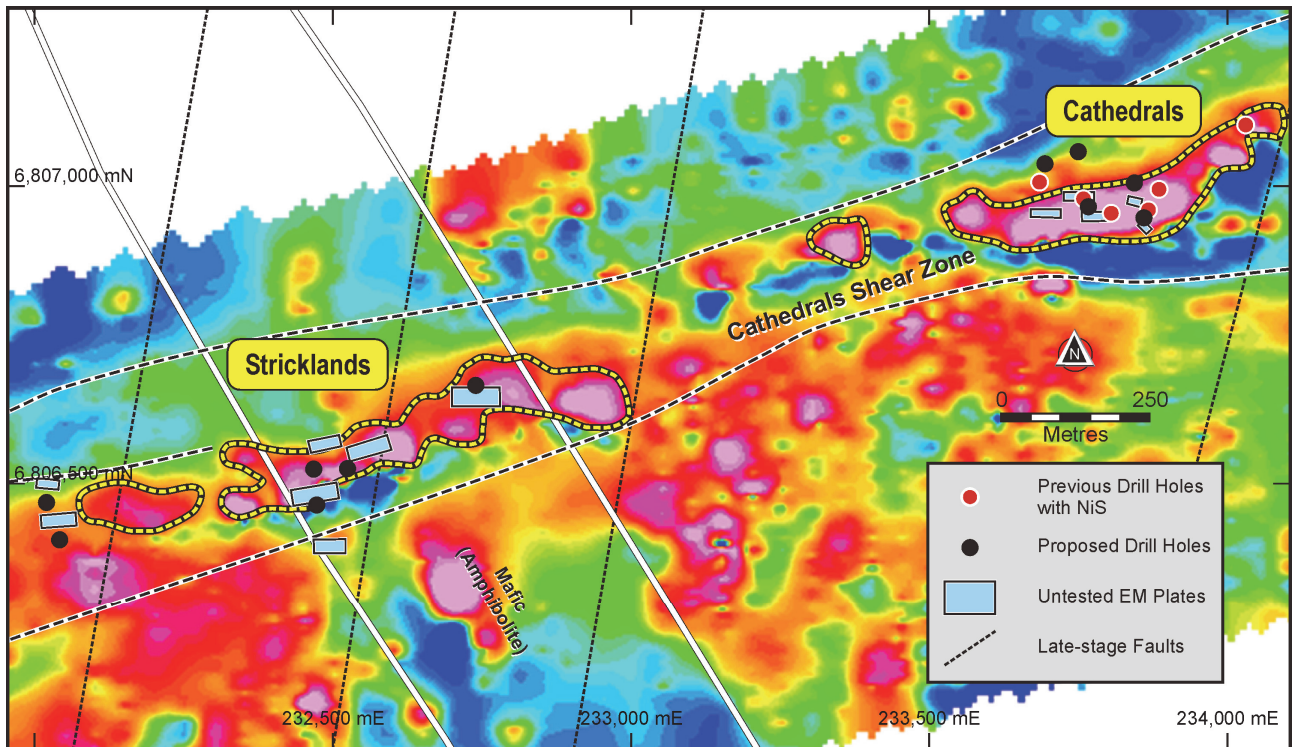


Figure 1 – a plan view of the Cathedrals and Stricklands Prospects (over TMI magnetics) showing the untested EM conductors as well as the location of the nickel-copper sulphide intersections at Cathedrals. Planned drill hole collar locations in the current programme are also shown.



Figure 2 – high grade nickel-copper sulphides in ultramafic on contact with granite in MAD13 drilled by BHP Billiton in 2008 at Cathedrals. The interval highlighted in this photo recorded 1.4m @ 7.1%Ni, 3% Cu and 4.2g/t PGEs from 57.6m. There is strong potential for further intersections of high grade mineralisation in the 2016 planned drilling at Mt Alexander.

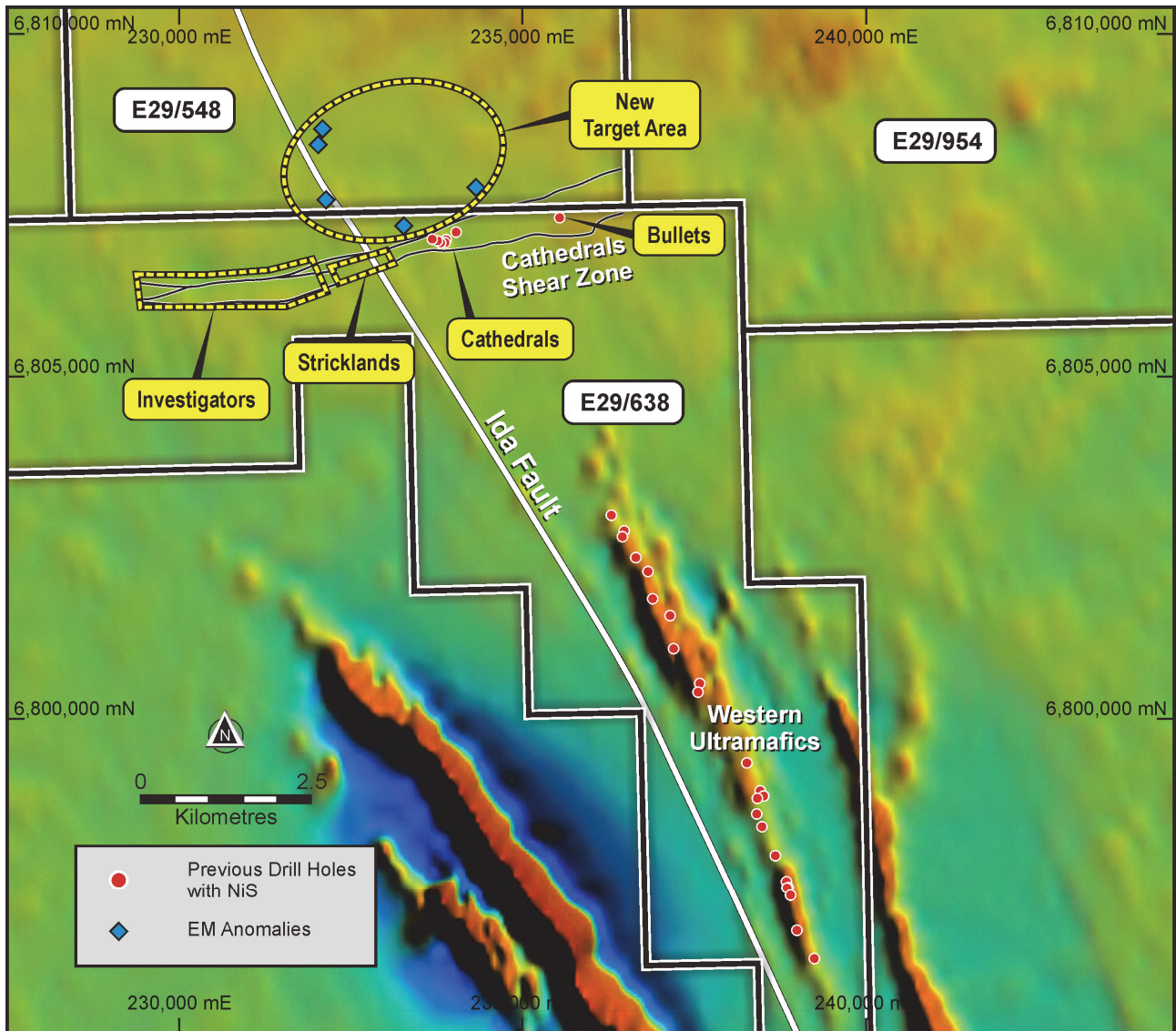


Figure 3 – a plan view of the Mt Alexander Project area over RTP magnetics showing the location of the Cathedrals discovery. EM surveys are underway at Investigators and the New Target Area, with potential to generate additional EM targets for drilling. The current drill programme will test several untested EM conductors at Cathedrals and Stricklands.

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 two granted exploration licences – E29/638 and E29/548.

The Cathedrals nickel-copper discovery and the Stricklands Prospect are located on E29/638, which is held in joint venture by Western Areas Limited (25%) and St George (75%). 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.

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Competent Person Statement:

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Matthew McCarthy, a Competent Person who is a Member of The Australian Institute of Geoscientists. Mr McCarthy is employed by St George Mining Limited.

Mr McCarthy 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 Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr McCarthy consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The following sections are provided for compliance with requirements for the reporting of exploration results under the JORC Code, 2012 Edition.

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

| Criteria | JORC Code explanation | Commentary |
|------------------------------|---|---|
| Sampling techniques | <i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling.</i> | <p>This ASX Release dated 18 April 2016 reports on commencement of exploration drilling by St George Mining Limited (“St George”) at the Mt Alexander Project.</p> <p>This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases.</p> |
| | <p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p> <hr/> <p><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></p> <p><i>In cases where ‘industry standard’ work has been done this would be relatively simple (eg ‘reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay’). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i></p> | <p>This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases.</p> <p>This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases.</p> |
| Drilling techniques | <i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i> | <p>The planned drill program is to be completed using diamond drilling with HQ and NQ2 sized coring equipment.</p> <p>References to previous reverse circulation and diamond drilling on E29/638 are to drilling conducted by BHP Billiton Nickel West Pty Ltd (“Nickel West”), the party from which St George has acquired its 75% majority interest in the tenement (see Section: <i>Exploration Done by Other Parties</i>)</p> |
| Drill sample recovery | <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| | <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |

| Criteria | JORC Code explanation | Commentary |
|---|--|--|
| | <i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| Logging | <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| | <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| | <i>The total length and percentage of the relevant intersections logged.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| Sub-sampling techniques and sample preparation | <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| | <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| | <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| | <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| | <i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| | <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| | | |

| Criteria | JORC Code explanation | Commentary |
|---|---|--|
| Quality of assay data and laboratory tests | <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| | <i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| | <i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| Verification of sampling and assaying | <i>The verification of significant intersections by either independent or alternative company personnel.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. Significant intersections discussed in this ASX release were announced by Western Areas Limited in its ASX Release dated 2 April 2008 'Assays Confirm High Grade Nickel/Copper/PGE Discovery at Mt Alexander Joint Venture'. |
| | <i>The use of twinned holes.</i> | No twinned holes are currently planned as part of this drill program which is still largely reconnaissance exploration. |
| | <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| | <i>Discuss any adjustment to assay data.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| Location of data points | <i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i> | Drill holes have been pegged using DGPS system with an expected accuracy of +/-50mm. |
| | <i>Specification of the grid system used.</i> | The grid system used at the Mt Alexander project is GDA94 (MGA), zone 51. |
| | <i>Quality and adequacy of topographic control.</i> | Elevation data is being acquired using DGPS surveying at individual collar locations. |
| Data spacing and distribution | <i>Data spacing for reporting of Exploration Results.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |

| Criteria | JORC Code explanation | Commentary |
|--|---|--|
| | <i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| | <i>Whether sample compositing has been applied.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| Orientation of data in relation to geological structure | <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> | Drill holes have been planned as perpendicular as possible to the target EM plates to approximate true width. |
| | <i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| Sample security | <i>The measures taken to ensure sample security.</i> | Chain of custody is managed by St George Mining. Core samples will be stored in the secure facilities at Bureau Veritas laboratory in Perth. Transport of core will be managed by St George contractors and Bureau Veritas and actively track monitored. |
| Audits or reviews | <i>The results of any audits or reviews of sampling techniques and data.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |

Section 2 Reporting of Exploration Results

| Criteria | JORC Code explanation | Commentary |
|---|---|--|
| Mineral Tenement and Land Status | <i>Type, name/reference number, location and ownership including agreements or material issues with third parties including joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i> | The Mt Alexander Project is comprised of two granted Exploration Licences (E29/638 and E29/548). Tenement E29/638 is held in Joint Venture between St George (75% interest) and Western Areas (25% interest). Both tenements are subject to a royalty in favour of a third party that is outlined in the ASX Release dated 17 December 2015 (as regards E29/638) and the ASX release dated 18 September 2015 (as regards E29/548). |
| | <i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i> | No environmentally sensitive sites have been identified on the tenements. A registered Heritage site known as Willsmore 1 (DAA identification 3087) straddles tenements E29/548 and E29/638. The newly acquired tenement E29/638, as well as E29/548, are in good standing and no known impediments exist. |

| Criteria | JORC Code explanation | Commentary |
|---|--|---|
| Exploration Done by Other Parties | <i>Acknowledgment and appraisal of exploration by other parties.</i> | <p>Exploration on tenement E29/638 has been largely for komatiite-hosted nickel sulphides both in the Mt Alexander Greenstone Belt, and at the Cathedrals Prospect in the northern section of the tenement.</p> <p>The target lithological unit in the Mt Alexander Greenstone belt is the Western Ultramafic Unit, which has been explored by a number of parties, most recently by Nickel West.</p> <p>High grade nickel-copper sulphides were discovered at the Mt Alexander Project in 2008. Drilling was completed to test co-incident electromagnetic (EM) and magnetic anomalies associated with nickel-PGE enriched gossans. The drilling identified high grade Ni-Cu mineralisation and the discovery was named the Cathedrals Prospect. The tenement remains underexplored.</p> |
| Geology | <i>Deposit type, geological setting and style of mineralisation</i> | <p>The Mt Alexander Project is at the northern end of a western bifurcation of the Mt Ida Greenstones. The greenstones are bound to the west by the Ida Fault, a significant Craton-scale structure that marks the boundary between the Kalgoorlie Terrane (and Eastern Goldfields Superterrane) to the east and the Youanmi Terrane to the west.</p> <p>The Mt Alexander Project is prospective for further high-grade komatiite-hosted nickel-copper-PGE mineralisation and also precious metal mineralisation (i.e. orogenic gold) that is typified elsewhere in the Yilgarn Craton.</p> |
| Drill hole information | <p><i>A summary of all information material to the understanding of the exploration results including tabulation of the following information for all Material drill holes:</i></p> <ul style="list-style-type: none"> • <i>Easting and northing of the drill hole collar</i> • <i>Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar</i> • <i>Dip and azimuth of the hole</i> • <i>Down hole length and interception depth</i> • <i>Hole length</i> | <p>Drill hole information will be provided on completion of drill holes.</p> <p>Table 1 to this JORC Section contains drill hole information on the historic drilling that is discussed in this ASX Release. This historic drilling was reported by Western Areas Limited in its ASX Release dated 2 April 2008 ‘Assays Confirm High Grade Nickel/Copper/PGE Discovery at Mt Alexander Joint Venture’.</p> |
| Data aggregation methods | <p><i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i></p> <hr/> <p><i>Where aggregated intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i></p> <hr/> <p><i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i></p> | <p>This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases.</p> <hr/> <p>This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases.</p> <hr/> <p>This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases.</p> |
| Relationship between mineralisation widths and intercept lengths | <p><i>These relationships are particularly important in the reporting of exploration results.</i></p> <p><i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported,</i></p> | <p>This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases.</p> <p>Historical assay intersections are reported as down hole lengths. The relationship of down hole width to true width is currently being</p> |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | <i>there should be a clear statement to this effect (e.g. down hole length, true width not known).</i> | assessed by St George using newly acquired technical data. |
| Diagrams | <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plane view of drill hole collar locations and appropriate sectional views.</i> | Relevant scaled and oriented maps are included in the body of the ASX Release. |
| Balanced Reporting | <i>Where comprehensive reporting of all Exploration Results is not practical, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting Exploration Results.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. Comprehensive reporting of all exploration results is not required for the scope of this ASX release and will be tabulated upon detailed evaluation of the newly acquired project database. |
| Other substantive exploration data | <i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observation; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i> | This ASX Release refers only to historic exploration drilling and commencement of a new drill program; drilling results, assays or other sampling work from the new drill program will be outlined in future ASX releases. |
| Further Work | <i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large – scale step – out drilling). Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> | Planned exploration at the Mt Alexander Project is discussed in the body of the ASX Release. Further exploration will be planned pending the results of the current drill program and surface EM geophysical program outlined in the ASX Release. |

| HOLE ID | EASTING | NORTHING | DIP | AZM | DEPTH | FROM | TO | WIDTH | Ni | Cu | Total PGEs |
|---------------|---------|----------|-------|-------|-------|------|------|-------|-----|-----|------------|
| | (m) | (m) | (deg) | (deg) | (m) | (m) | (m) | (m) | (%) | (%) | (g/t) |
| MAD012 | 233885 | 6806995 | -70 | 170 | 111.5 | 81.5 | 95.5 | 14 | 1.9 | 0.8 | 1.8 |
| incl. | | | | | | 91.4 | 95.4 | 4 | 4.9 | 1.7 | 3.9 |
| MAD013 | 233805 | 6806955 | -70 | 170 | 93.3 | 56.3 | 59.3 | 3 | 3.8 | 1.6 | 2.7 |
| incl. | | | | | | 57.6 | 59 | 1.4 | 7.1 | 3.0 | 2.9 |
| MARC49 | 233759 | 6806979 | -55 | 180 | 142 | 60 | 66 | 6 | 3.3 | 1.5 | 2.7 |

Table 1 to 2012 JORC Section – Significant intersections at the Cathedrals Prospect within E29/638