

30 October 2017

## QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2017

### HIGHLIGHTS

#### MT ALEXANDER PROJECT:

- Final assays received for the Stage 1 2017 drill programme with results confirming the thickest intersections to date of high grade nickel-copper-cobalt-PGE mineralisation
- SAMSON EM survey completed over the western extension of the Cathedrals Belt with new exploration targets identified
- Stage 2 2017 diamond drill programme commenced with multiple targets over a 4.5km strike length of the Cathedrals Belt including new target areas which have never been drilled

#### EAST LAVERTON PROJECT:

- **Gold Exploration:**
  - Gold drill programme completed with 8,072m drilled
  - Numerous drill holes intersected late stage porphyries, hydrothermal alteration and sulphide mineralisation
  - Gold targets for follow-up drill programme being planned
- **Nickel Sulphide Exploration:**
  - SAMSON EM survey completed at the Windsor nickel sulphide prospect
  - Three late-time bedrock EM conductors identified and prioritised for drilling
  - New diamond drill programme to commence at Windsor in early November 2017

#### CORPORATE

- \$1.8 million cash received under the R&D Tax Incentive Scheme
- Issue of bonus options to shareholders completed
- Bonus options commenced trading on ASX under code 'SGQOB'

St George Mining Limited (ASX:SGQ) ("St George" or "the Company") is pleased to present its Quarterly Activities Report for the quarterly period ended 30 September 2017.

#### MT ALEXANDER PROJECT – DRILLING SUCCESS CONTINUES

Final laboratory assays for the Stage 1 2017 drill programme at Mt Alexander were received and announced during July 2017. A total of 24 diamond drill holes were completed in Stage 1 for 3,806m of drilling.

Assays confirmed the thickest intersections to date of high grade nickel-copper-cobalt-PGE mineralisation including:

##### **MAD56 at the Cathedrals Prospect:**

- 7.5m @ 3.90%Ni, 1.74%Cu, 0.12%Co and 3.32g/t total PGEs from 57.8m including
- 3.15m @ 6.36%Ni, 2.92%Cu, 0.20%Co and 5.03g/t total PGEs from 61.81m

##### **MAD60 at the Investigators Prospect:**

- 5.3m @ 4.95%Ni, 2.75%Cu, 0.16%Co and 4.55g/t total PGEs from 157.9m which includes
- 3m @ 6.40%Ni, 3.55%Cu, 0.21%Co and 5.25g/t total PGEs from 159.38m and
- 0.3m @ 5.93%Ni, 3.54%Cu, 0.20%Co and 4.36g/t total PGEs from 162.9m

For a complete table of assay results for the Stage 1 drilling, please refer to our ASX Releases dated 5 July 2017 and 19 July 2017 titled, respectively, ‘High Grade Nickel-Copper-Cobalt-PGEs at Investigators’ and ‘High Grade Nickel-Copper-Cobalt-PGEs at Cathedrals’.

The Stage 2 2017 drill programme commenced on 26 October 2017. A total of 15 drill holes are planned for over 2,300m of drilling. For further details of this diamond drill programme, please refer to our ASX Release dated 26 October 2017 ‘Drilling Commences at Mt Alexander’.

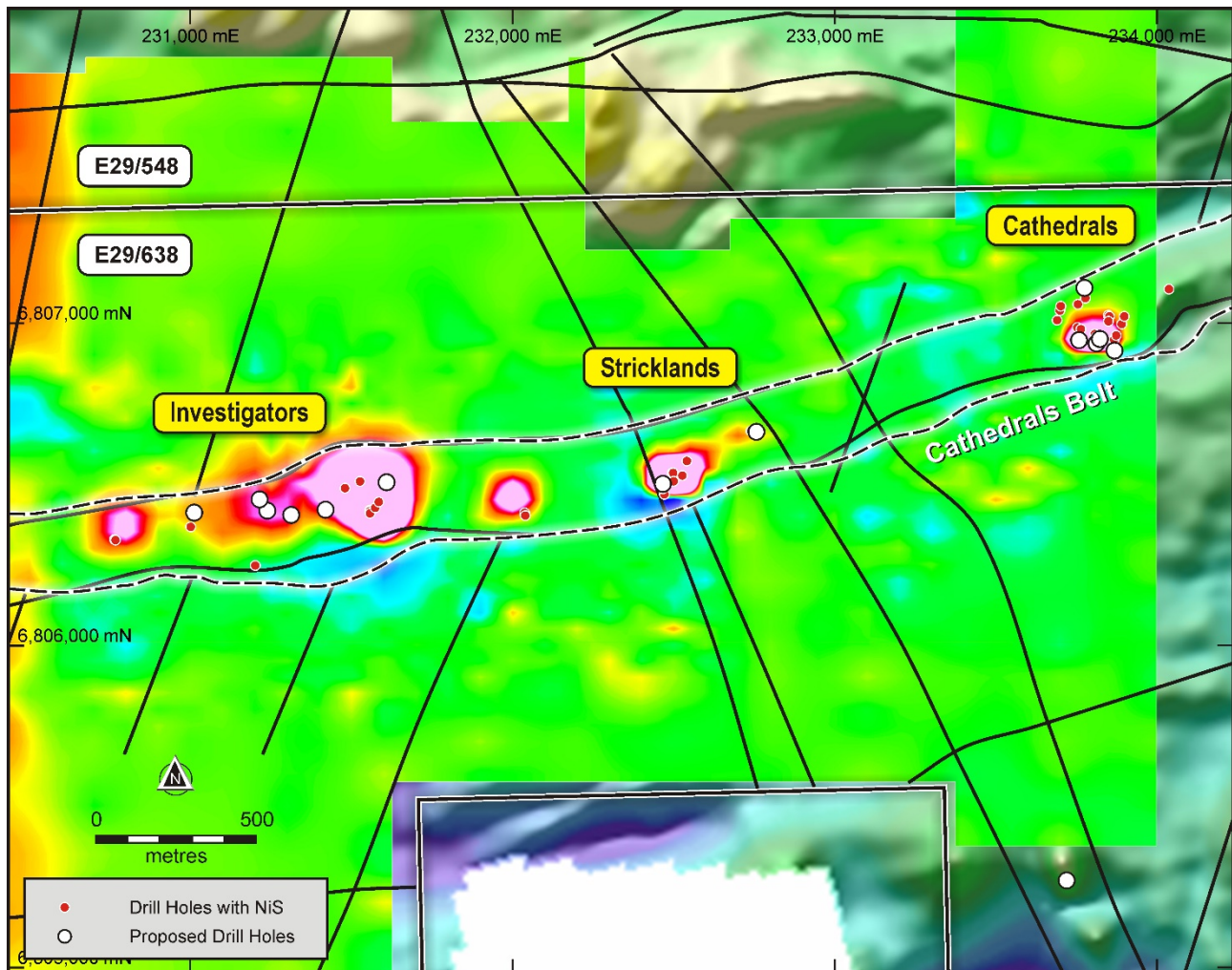


Figure 1 – a plan view of the Cathedrals, Stricklands and Investigators Prospects over SAMSON FLEM Channel 18 (mid-time) data. Planned drill holes for the Stage 2 2017 programme (in white) and previous drill holes with massive nickel-copper sulphides (in red) are shown. The ‘hot’ colours (pink/red) in the SAMSON data denote areas of strong EM responses and will be further tested by the drill programme underway.

### New SAMSON Survey at Investigators West

A high-powered SAMSON EM survey was completed during the quarter at the Investigators West Prospect. This area extends westwards from the Investigators Prospect and comprises a 2.5km strike length of the Cathedrals Belt. The SAMSON survey also included an additional 1km strike westwards across the Ida Fault. The survey was completed using four fixed transmitter loops of 1000m x 1000m with 100m line spacing and 50m or 100m station spacing.

The SAMSON survey detected a discrete EM anomaly to the south of the main survey area, and co-incident with the Ida Fault; see Figure 2. A MLEM survey will be completed over this anomaly to provide further data to assist with modelling a target for drill testing.



At the main survey area, several broad conductive zones were observed in the early and mid-time channels but not in the late-time channels. This suggests that the conductivity may relate to overburden rather than bedrock conductors.

A drill hole is planned for Investigators West in the Stage 2 2017 drill programme to test a prominent linear magnetic anomaly that may potentially represent an ultramafic unit; see Figure 2. The drill hole will also provide a platform for a downhole EM (DHEM) survey, which will provide data that may assist in further interpretation of the SAMSON EM survey.

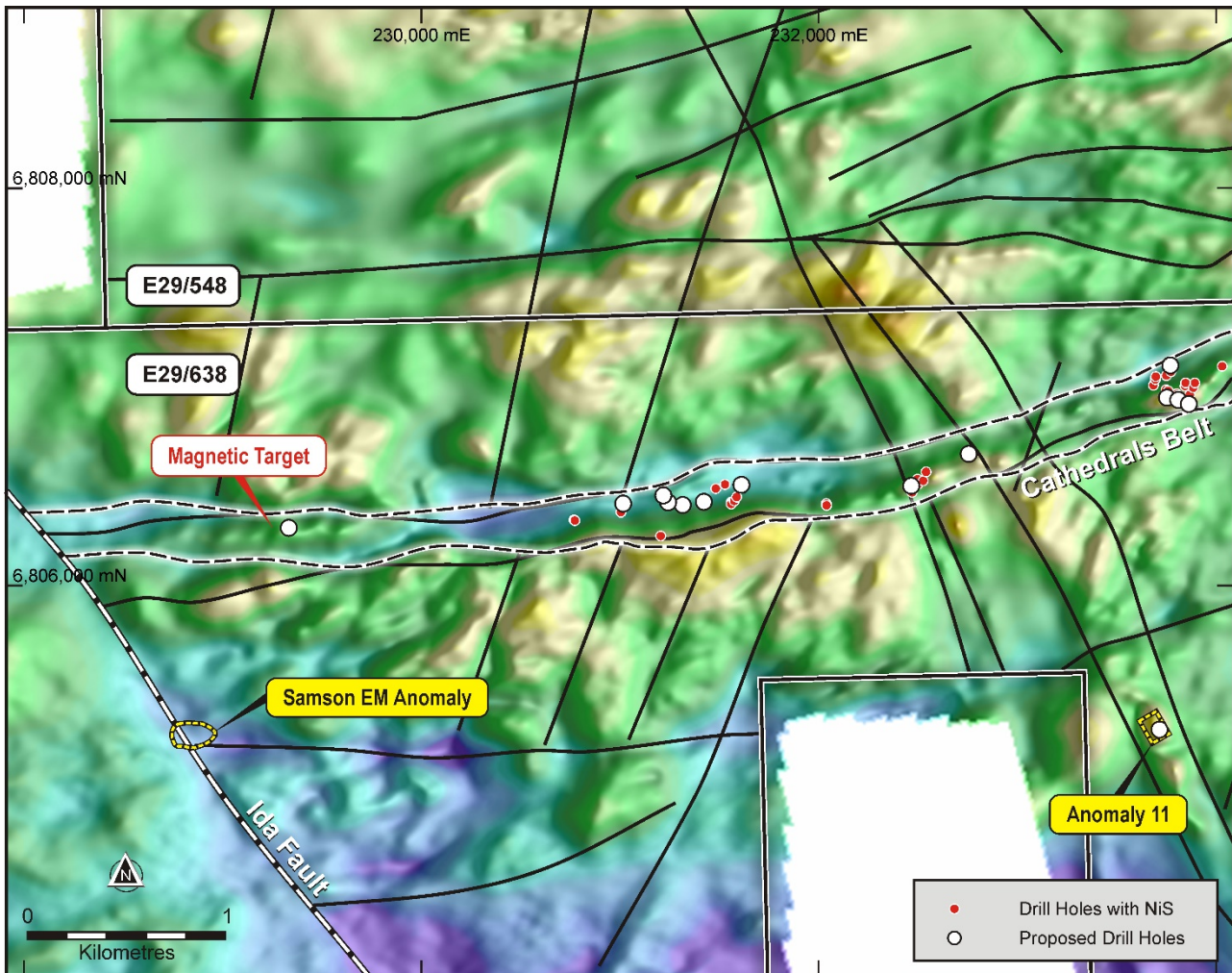


Figure 2 – a plan view of the Cathedrals Belt (against RTP magnetics) highlighting the new SAMSON EM anomaly along the Ida Fault and the magnetic anomaly at Investigators West to be drill tested in the Stage 2 2017 drill programme. Anomaly 11 at Cathedrals South will also be drill tested.

**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 four granted exploration licences – E29/638, E29/548, E29/962 and E29/954.

The Cathedrals, Stricklands and Investigators nickel-copper-cobalt-PGE discoveries 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.

**EAST LAVERTON PROJECT – NEW PRIORITY TARGETS EMERGE**

**Nickel Sulphide Exploration:**

A high powered SAMSON EM survey was completed earlier this month at the Windsor nickel sulphide prospect. The survey was completed using fixed transmitter loops of 1000m x 1000m with 100m line spacing and 50m or 100m station spacing.

Two fixed loops of 1000m x 1000m were used to survey Area A at Windsor (see Figure 4) which hosts the DRAC38 significant intersection (**30m @ 0.31%Ni from 108m, including 8m @ 0.44%Ni from 130m and 2m @ 0.62%Ni from 132m**) and the +200,000 Siemens conductor detected from the DHEM survey in drill hole WINRC016.

A third loop of 1000m x 1000m was used to survey an area to the north-west, referred to as Area B.

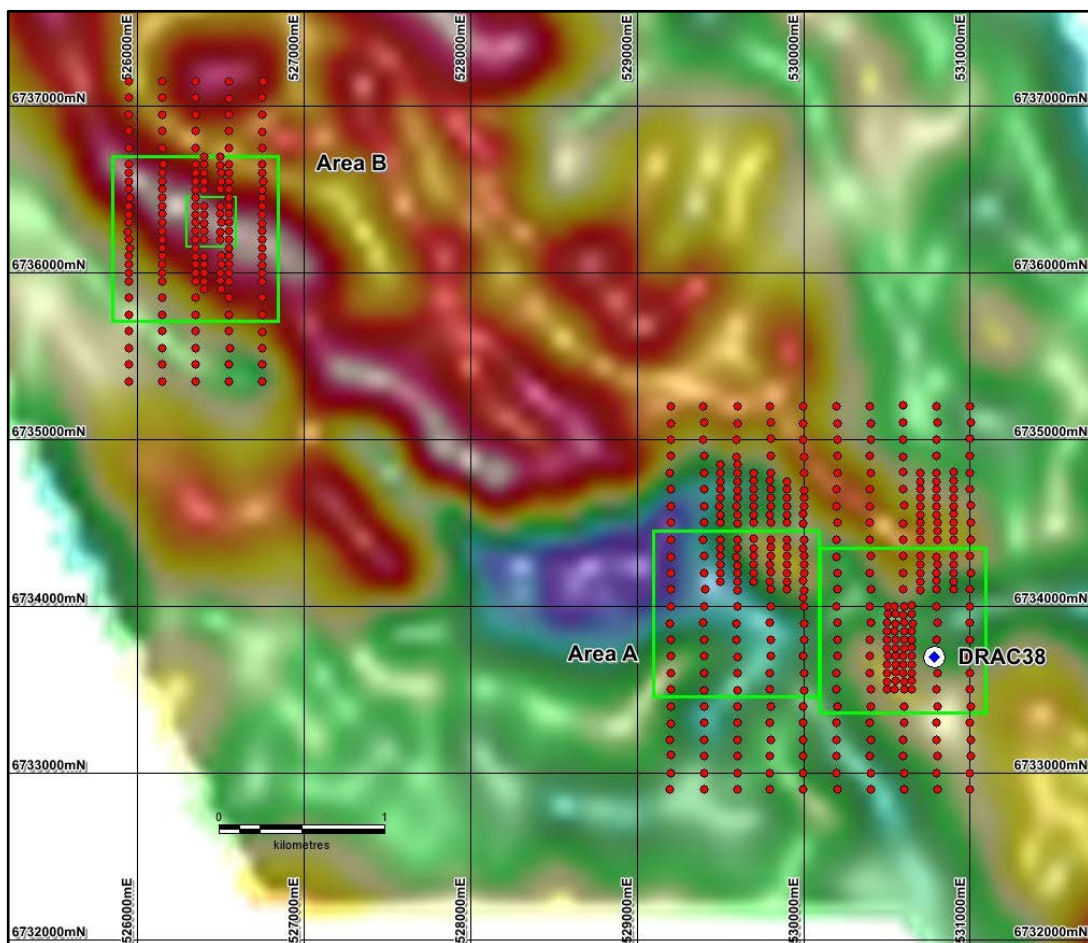


Figure 3 – the section of the Windsor ultramafic channel (against gravity Bouguer data) showing EM loops for the recent SAMSON EM survey. The DRAC38 significant intersection lies within the survey area.

Two late-time bedrock EM conductors were detected to the immediate north of the loops in Area A; see Figure 4.

The EM conductor in the eastern loop (Windsor X3) is co-incident with a magnetic feature as well as being on the edge of a gravity feature. This is a favourable structural position for massive nickel sulphide accumulation.



The EM conductor in the western loop (Windsor X2) is located within an embayment of a magnetic feature, which may be a primary embayment in the Windsor ultramafic. This is a textbook volcanic setting for massive nickel sulphide mineralisation.

At Area B, a large, late-time EM conductor (Windsor X3) was modelled in the north of the EM loop; see Figure 5.

The EM conductor is on the edge of a magnetic feature and lies within a large regional fold in the Stella Range Belt. These are favourable structures for potential accumulation of massive nickel sulphides.

Further details regarding these new EM conductors are contained in our ASX Release dated 30 October 2017 'New EM Conductors at Windsor Nickel Sulphide Prospect'.

A diamond drill programme is scheduled to commence at Windsor in early November 2017 to drill test these new EM conductors.

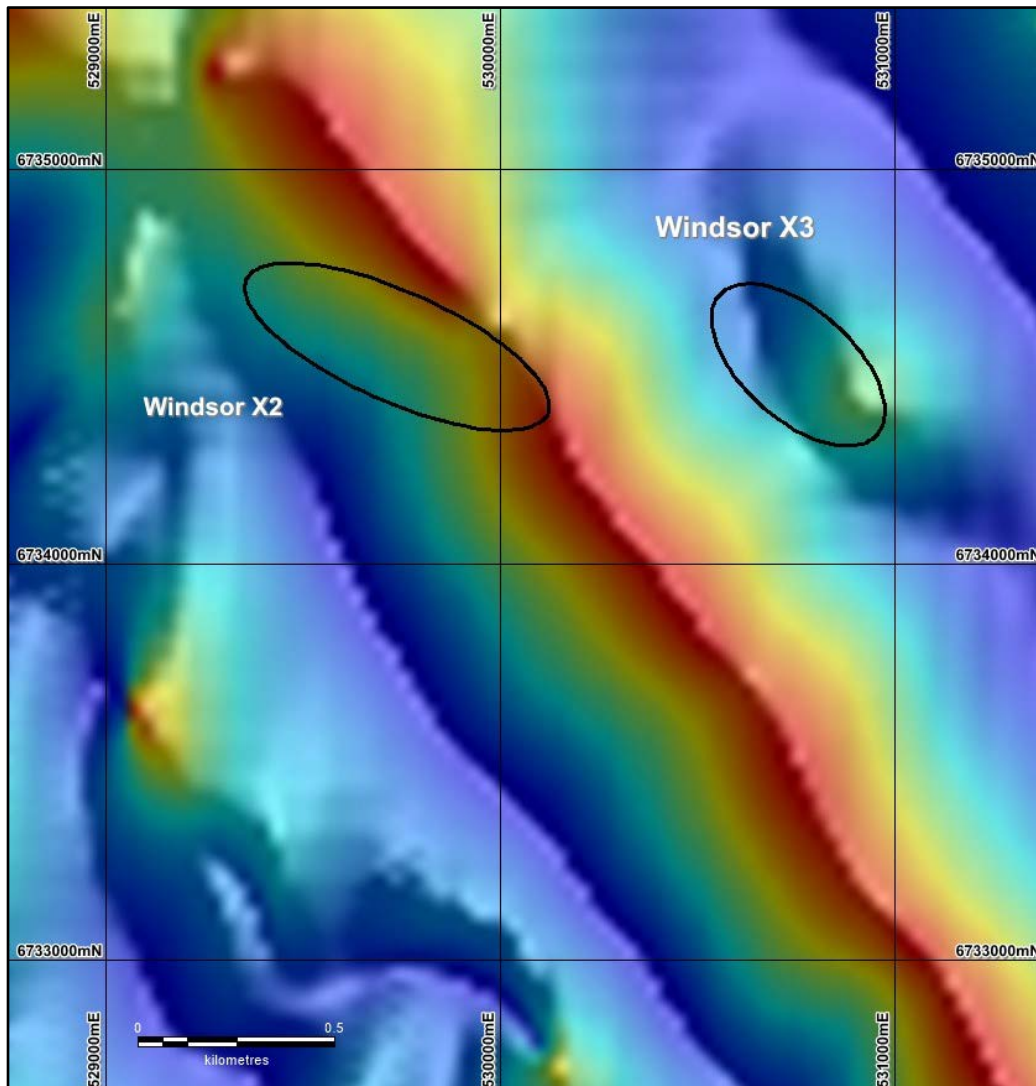
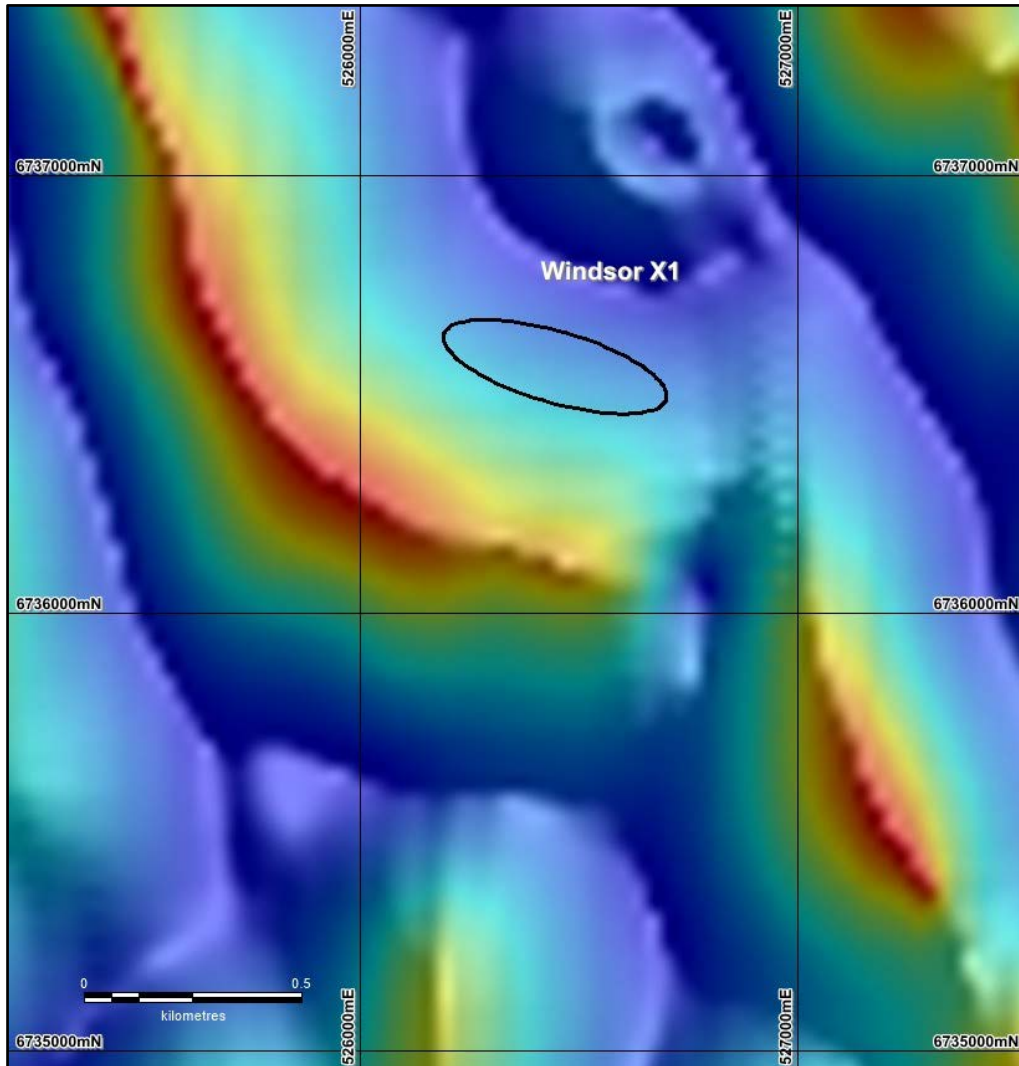


Figure 4 – Area A shown against RTP tilt mag data highlighting the two strike limited EM conductors – ‘Windsor X2’ and ‘Windsor X3’ - on the edge of magnetic features.



*Figure 5 – Area B shown against RTP tilt mag data highlighting the position of the new EM conductor ‘Windsor X1’ on the edge of a magnetic feature.*

**Gold Exploration:**

A major gold drill programme was completed during the quarter with 8,072m of RC (reverse circulation) drilling carried out. A total of 115 drill holes were completed in this reconnaissance drill programme to test a portfolio of gold targets across the extensive greenstone belts within the large 2,000 sq km East Laverton Project.

Numerous drill holes encountered widespread hydrothermal alteration, late felsic porphyry intrusives and dolerites, and sulphide mineralisation. The presence of large hydrothermal systems is encouraging for the potential of gold mineralisation.

Assay results for the gold drilling are being assessed by our technical team. A follow-up drill programme will be planned for the highest priority targets.

## **TENEMENT INFORMATION**

There were no changes to the Company's tenement holdings during the quarter except as outlined below.

### **East Laverton Project**

St George Mining has 100% ownership of 25 granted Exploration Licences at the East Laverton Project. One Exploration Licence was relinquished on 1 August 2017.

### **Lake Minigwal Project**

Three Exploration Licences at the Lake Minigwal Project were relinquished on 31 August 2017.

### **Mt Alexander Project**

St George has 100% ownership of three granted Exploration Licences (E29/548, E29/962 and E29/954) and one application for Exploration Licence (E29/972) at Mt Alexander. A further granted Exploration Licence, E29/638, is held in joint venture between Western Areas (25%) and St George (75%).

### **Hawaii Project**

St George has 100% ownership of two granted Exploration Licences at the Hawaii Project.

## **CORPORATE UPDATE**

### **R&D Cash Rebate**

St George has received a cash payment of \$1,887,392 under the Federal Government's Research and Development (**R&D**) Tax Incentive Scheme.

The Company's Income Tax Return for the financial year ended 30 June 2017 includes research and development expenditure which was eligible for the cash rebate.

Following receipt of these funds, St George holds cash reserves of \$3.2 million as at 30 October 2017.

### **Bonus Options Issued to Shareholders**

During the quarter, St George issued 24,665,885 listed options pursuant to a Bonus Issue Prospectus dated 12 September 2017.

The bonus options were issued to shareholders as at the record date of 19 September 2017 on a pro-rata basis of 1 option for every 10 ordinary shares held.

The new options have an expiry date of 30 September 2020 and an exercise price of \$0.20. They commenced trading on the ASX under code 'SGQOB' on 4 October 2017.

### **Exploration Development Incentive (EDI) Tax Credits**

St George has registered for participation in the EDI for the 2017/2018 tax year. Under this Federal Government scheme, eligible shareholders will receive a refundable tax offset. The EDI scheme is available to Australian junior exploration companies undertaking greenfields exploration and that do not derive any taxable income.

Further details of the potential EDI tax credits available to our eligible shareholders for the 2017/2018 tax year will be available in the first half of 2018.

#### **COMPETENT PERSON STATEMENT:**

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves regarding the East Laverton Project 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 Mt Alexander Project is based on information complied 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](http://www.stgm.com.au):

- 8 February 2017 *SAMSON Survey Lights Up New Targets at Mt Alexander*
- 15 February 2017 *Massive Nickel Sulphide Targets at Stricklands*
- 22 February 2017 *Priority Targets for Cathedrals Prospect*
- 28 February 2017 *EM Survey over New Target Areas at Mt Alexander*
- 14 March 2017 *St George Commences Drilling at Mt Alexander*
- 6 April 2017 *Drilling Success Continues at Mt Alexander*
- 2 June 2017 *Drilling at Nickel Sulphide Target*
- 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*
- 27 July 2017 *Gold Drilling at East Laverton*
- 22 August 2017 *Gold Drilling at East Laverton – Update*
- 12 September 2017 *Mt Alexander – Exploration Update*
- 20 September 2017 *Nickel Sulphide Exploration at Windsor*
- 26 October 2017 *Drilling Commences at Mt Alexander*
- 30 October 2017 *New EM Conductors at Windsor Nickel Sulphide Prospect*

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.



### TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3

Other than as detailed in the body of the Quarterly Activities Report and in the Table below, no tenements, in part or whole, were relinquished, surrendered or otherwise divested during the quarterly period ended 30 September 2017.

#### EAST LAVERTON/LAKE MINIGWAL:

Tenement ID	Registered Holder	Location	Ownership (%)	Change in Quarter
E39/0981	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/0982	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/0985	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1064	Desert Fox Resources Pty Ltd	East Laverton Property	0	Surrendered
E39/1066	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1229	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1461	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1472	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1473	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1474	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1475	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1476	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1467	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1492	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1518	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1519	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1520	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1521	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1549	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1572	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1608	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1666	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1667	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1722	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1779	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1852	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1677	St George Mining Limited	Lake Minigwal Project	0	Surrendered
E39/1678	St George Mining Limited	Lake Minigwal Project	0	Surrendered
E39/1877	St George Mining Limited	Lake Minigwal Project	0	Surrendered

**MT ALEXANDER/HAWAII:**

<b>Tenement ID</b>	<b>Registered Holder</b>	<b>Location</b>	<b>Ownership (%)</b>	<b>Change in Quarter</b>
E29/638	Blue Thunder Resources Pty Ltd	Mt Alexander	75	N/A
E29/548	Blue Thunder Resources Pty Ltd	Mt Alexander	100	N/A
E29/954	Blue Thunder Resources Pty Ltd	Mt Alexander	100	N/A
E29/962	Blue Thunder Resources Pty Ltd	Mt Alexander	100	N/A
ELA29/972	Blue Thunder Resources Pty Ltd	Mt Alexander	0	N/A
E36/741	Blue Thunder Resources Pty Ltd	Hawaii	100	N/A
E39/851	Blue Thunder Resources Pty Ltd	Hawaii	100	N/A

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

**Name of entity**

St George Mining Limited

**ABN**

21 139 308 973

**Quarter ended ("current quarter")**

30 September 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	(1,885)	(1,885)
(b) development	-	-
(c) production	-	-
(d) staff costs	(167)	(167)
(e) administration and corporate costs	(274)	(274)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	19	19
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (provide details if material)	63	63
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(2,244)</b>	<b>(2,244)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(4)	(4)
(b) tenements (see item 10)	-	-
(c) investments	-	-



## Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
(d) other non-current assets	-	-
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (provide details if material)	-	-
<b>2.6 Net cash from / (used in) investing activities</b>	<b>(4)</b>	<b>(4)</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(5)	(5)
3.5 Proceeds from borrowings	-	-
3.6 Repayment of borrowings	-	-
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
<b>3.10 Net cash from / (used in) financing activities</b>	<b>(5)</b>	<b>(5)</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	4,774	4,774
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(2,244)	(2,244)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(4)	(4)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	(5)	(5)
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>2,521</b>	<b>2,521</b>

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	60	80
5.2 Call deposits	2,461	4,694
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,521</b>	<b>4,774</b>

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	164
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
N/A	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	
N/A	

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		
N/A		

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>9.</b>	<b>Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1	Exploration and evaluation	(1,100)
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(167)
9.5	Administration and corporate costs	(150)
9.6	Other (provide details if material)	-
<b>9.7</b>	<b>Total estimated cash outflows</b>	<b>(1,417)</b>

<b>10.</b>	<b>Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	E39/1064, East Laverton E39/1677, Lake Minigwal E39/1678, Lake Minigwal E39/1877, Lake Minigwal	Exploration Licence Exploration Licence Exploration Licence Exploration Licence	100% 100% 100% 100%	0% 0% 0% 0%
10.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A	N/A

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here: Sarah Shipway  
Non-Executive Director/Company secretary

Date: 30 October 2017

Print name: Sarah Shipway



**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.