



ST GEORGE
MINING LIMITED

ACN 139 308 973

ANNUAL REPORT 2016

CORPORATE DIRECTORY

Board of Directors

John Prineas - Executive Chairman
 Tim Hronsky - Executive Director
 Sarah Shipway - Non-Executive Director

Company Secretary

Sarah Shipway

Registered and Principal Office

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Australian Business Number

ABN 21 139 308 973

Share Register

Computershare Investor Services Pty Ltd
 Level 11
 172 St Georges Terrace
 PERTH WA 6000

Tel: 1300 850 505

Int: +61 8 9323 2000

Fax: + 61 8 9323 2033

Stock Exchange Code

SGQ – Ordinary Shares

SGQOA – Listed Options

Solicitors

Jeremy Shervington

Auditors

Stantons International

Bankers

Commonwealth Bank



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Dear Fellow Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report of St George Mining Limited for the financial year ended 30 June 2016 – a year of achievement and success for the Company.

During the year, St George established the Mt Alexander Project through acquisition of tenement interests from BHP Billiton and through new tenement applications initiated by the Company. This high grade nickel-copper sulphide project in Western Australia has substantially strengthened our project portfolio.

Our drilling campaign at Mt Alexander commenced in April 2016, and delivered a major exploration breakthrough with new discoveries of massive nickel-copper sulphides at the Stricklands and Investigators Prospects. Multiple intersections of mineralisation were also made at the Cathedrals Prospect which added to the discovery made there in 2008 by BHP Billiton.

Our drilling success has extended the strike length of recurrent nickel-copper mineralisation along the Cathedrals Belt from an initial 400m to 3.5km, and highlighted Mt Alexander's status as an emerging nickel sulphide camp. With additional exploration opportunities across the project area, there is tremendous potential for further discoveries of high grade mineralisation.

At our East Laverton Project, we have initiated a major gold-focused drill programme to test high priority targets. The East Laverton Project is located in the eastern margin of the North-Eastern Goldfields, near the most recent major gold discoveries in Australia at Tropicana (+8MozAu) and Gruyere (+6MozAu).

The priority gold targets at East Laverton satisfy key targeting criteria for major gold deposits. Our drill programmes represent the first ever systematic exploration of this style of target at East Laverton and provide an opportunity for a major new gold discovery in this highly prospective yet under-explored region.

The market capitalisation of the Company increased substantially during the year, reflecting our exploration success. We thank long-standing shareholders for their support as we continue to grow the Company, and we welcome new shareholders who have come on board in recognition of our growth potential.

The Board is excited about the opportunities in the coming year as we continue our drive to create shareholder value through the discovery and development of quality mineral resources.



John Prineas
Executive Chairman

MT ALEXANDER PROJECT

The high grade nickel-copper sulphide project at Mt Alexander was acquired by the Company during the year. St George has substantially advanced the Project over a short space of time with our targeted drill programmes delivering multiple, new intersections of massive nickel-copper sulphides over an increased strike length of 3.5km.

In October 2015, St George completed the 100% acquisition of exploration licence E29/548 from BHP Billiton Nickel West ('Nickel West'). On 28 January 2016, St George completed the acquisition of Nickel West's 75% interest in E29/638. St George expanded the contiguous project area with applications for exploration licences E29/972, E29/954 and E29/962, the latter two having now been granted.

The Cathedrals, Stricklands and Investigators nickel-copper 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.

The Mt Alexander Project is located approximately 120km to the south-southwest of major nickel projects in the Agnew-Wiluna Belt, and is close to existing infrastructure and nickel sulphide processing facilities.

The Company has completed two diamond drill programmes at Mt Alexander for a total of 27 holes with 3,609m drilled. The drill holes tested multiple electromagnetic (EM) anomalies in prospective geological positions in the Cathedrals Belt.

The drilling has been successful in achieving a number of important milestones with:

- Nickel-copper sulphide mineralisation intersected in every EM conductor drill tested
- The discovery of further high grade nickel-copper sulphides at the Cathedrals Prospect, building on the initial discovery made by Nickel West in 2008
- The discovery of massive nickel-copper sulphides in the first ever drilling at the Stricklands and Investigators Prospects
- The discovery of fresh nickel-copper sulphides at very shallow depths of 30m from surface
- An increase in the strike length of recurrent nickel-copper sulphides in the Cathedrals Belt from 400m to 3.5km

Further drilling will be planned to test the extent of the high grade mineralisation identified in the Cathedrals Belt.

St George's ongoing technical review of historical and new drilling data has also highlighted the wider nickel sulphide potential of the Mt Alexander Project with highly prospective areas that are unexplored or under-explored. Wide-spaced historical drilling in the Mt Alexander greenstone belt has intersected massive nickel sulphides but little or no follow-up drilling has been carried out.

Also of interest are interpreted structures parallel to the Cathedrals Belt that may be prospective for ultramafic hosted nickel-copper sulphide mineralisation similar to the highly mineralised Cathedrals Belt.



Massive sulphide mineralisation at the Mt Alexander Project:

***Top left:** drill core from MAD31 showing the pentlandite vein that returned 28%Ni (based on XRF analysis) within the massive nickel-copper sulphide interval from 112.05m - 113.08m.*

***Top right:** drill core from MAD22 with massive chalcopyrite (yellow-green) in contact with ultramafic (dark grey). Assays for this interval (52.4m to 52.63m) returned 13.1%Cu and 43g/tAg.*

***Bottom left:** drill core from MAD15 interval between 30.17m to 31.34m with assays returning 8.75%Ni, 3.37%Cu, 0.24%Co and*

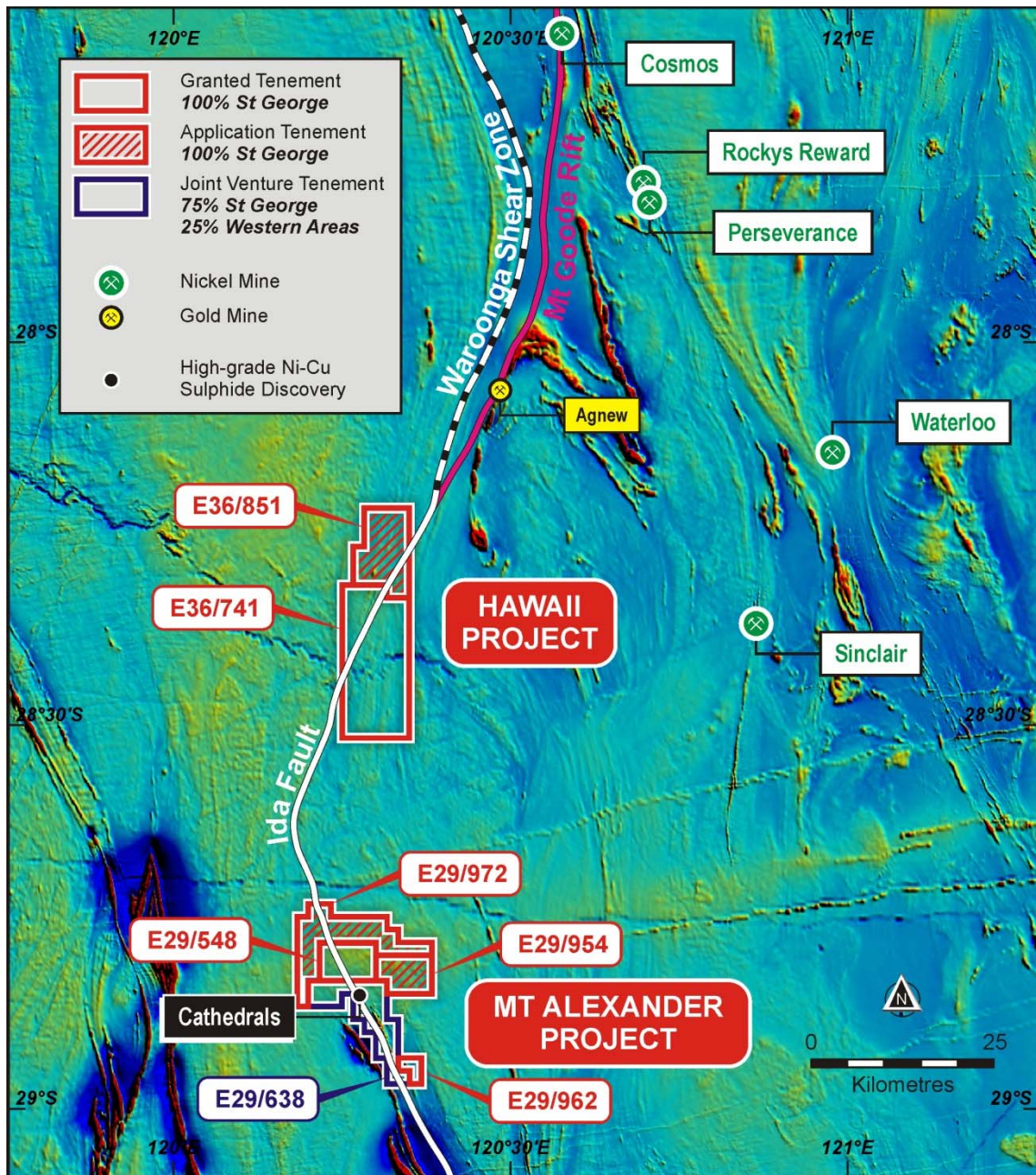


Figure 1 – a map (over TMI magnetics) showing the location of Mt Alexander Project to the south-southwest of major nickel projects in the Agnew-Wiluna Belt. The location of the new Hawaii Project is also shown.

HAWAII PROJECT

The Hawaii Project is located approximately 70km southwest of Leinster in the Agnew-Wiluna Belt. The project area is situated proximal to the Ida Fault, a significant Craton-scale structure that marks the boundary between the Eastern Goldfields Superterrane to the east and the Youanmi Terrane to the west.

Reconnaissance aircore drilling completed by Nickel West in 2012 identified greenstone sequences in an area previously interpreted as granite. St George is continuing exploration in these greenstones, which may be prospective for nickel sulphides and gold mineralisation.

St George acquired 100% of exploration licence E36/741 from Nickel West in October 2015, and has also applied for exploration licence E36/851 to the north.

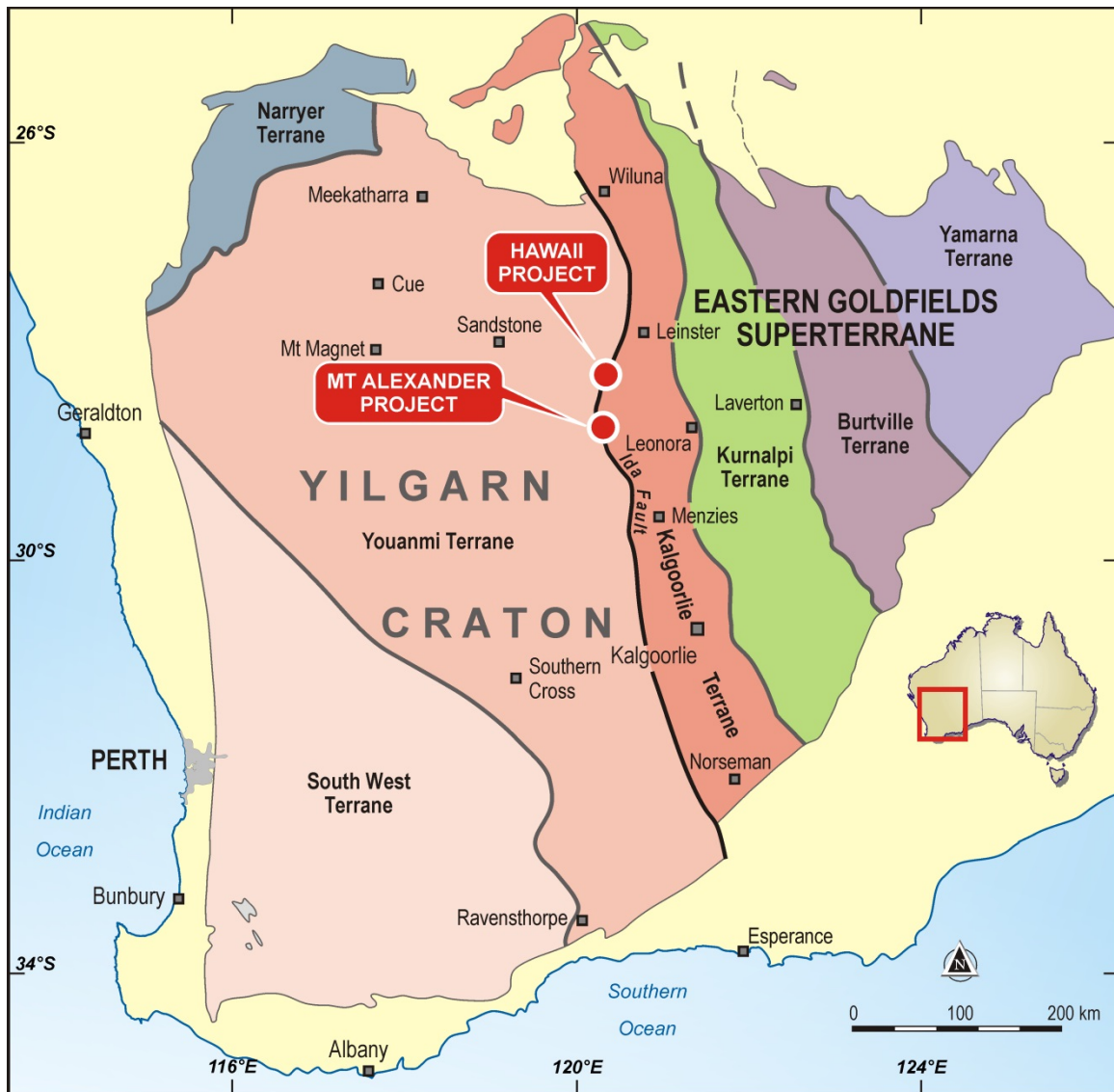


Figure 2 – a map of the tectonostratigraphic terranes of the Yilgarn Craton. The Hawaii and Mt Alexander Projects are located on the boundary of the Kalgoorlie and Youanmi Terranes

EAST LAVERTON PROJECT

St George Mining owns 100% of the East Laverton Project, which covers approximately 2,100 square kilometres. The Project is located on the eastern margin of the Yilgarn Craton, an area which boasts the two most recent major gold discoveries in Western Australia - the +8MozAu Tropicana deposit and the +6MozAu Gruyere deposit.

Several high priority gold targets have been identified at East Laverton which meet key targeting criteria for significant gold deposits – including important early fundamental structures that are first order controls on gold mineralisation. First pass reconnaissance drilling of several gold targets commenced during the year, including the Ascalon target in the Minigwal Belt and the Bristol target in the Central Belt.

St George is carrying out the first ever systematic exploration for gold at these targets and has an opportunity for an exploration breakthrough in this highly prospective yet under-explored region.

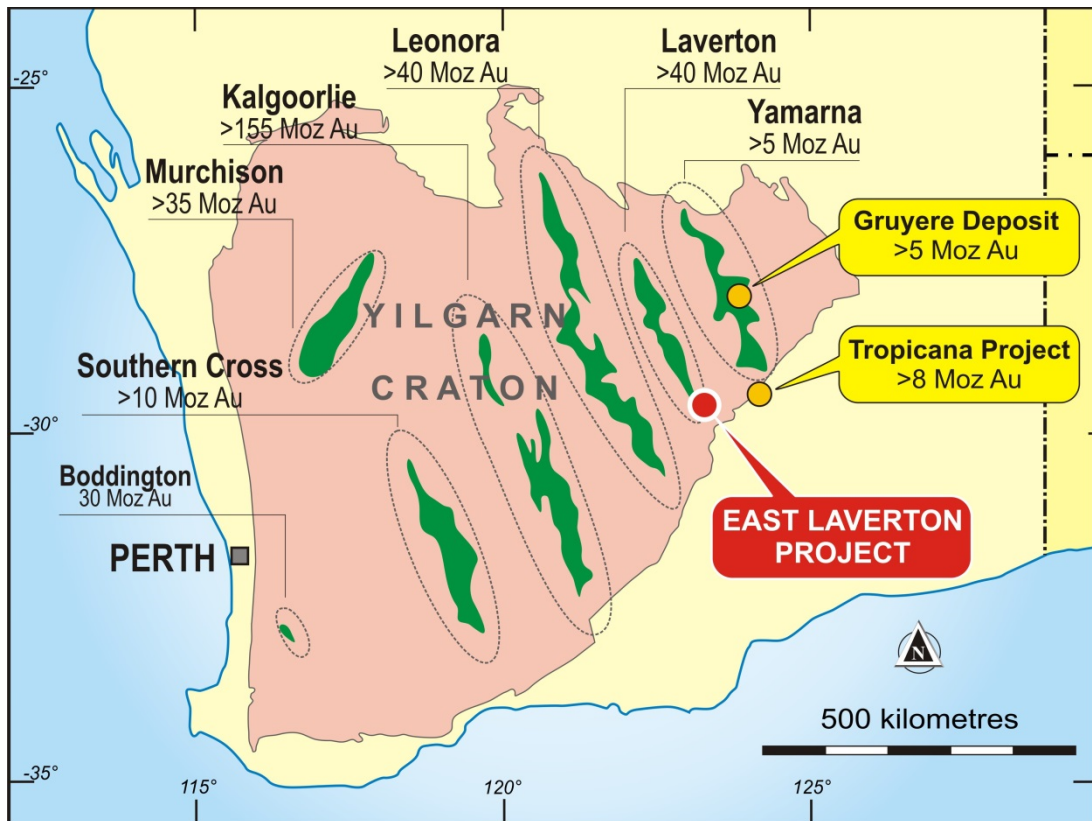


Figure 3 – the main gold-bearing greenstone belts of the Yilgarn Craton, showing the East Laverton Project in the under-explored eastern margin of the North Eastern Goldfields.

The area to the east of the Laverton gold camp (+40MozAu), has received little modern exploration because of previous remoteness and the much greater extent of post-mineralisation cover in this area.

The growth of infrastructure in this region together with the introduction of new exploration methods and technology, has facilitated a new wave of successful exploration in this under-explored area of the North Eastern Goldfields.

The Tropicana discovery (+8MozAu) was made in 2005 and is now Australia’s fourth largest gold mine. The Gruyere gold deposit (+6MozAu) was discovered in 2013 and is now in the feasibility stage. These successes highlight the unrealised potential of this region and validate our focus on the under-explored greenstones within the East Laverton Project.

A significant advance in the gold targeting at the East Laverton Project resulted with the completion of a camp-scale ground gravity survey during the year. The gravity data was collected on a 400m x 200m grid that covered most of the tenement holding.

Gravity data is a critical component in targeting orogenic gold deposits as it highlights fundamental structures, which are first-order controls on the concentration of gold mineralisation. There is a strong association between material gold deposits and gravity gradients, the multi-scale edges of positive gravity features.

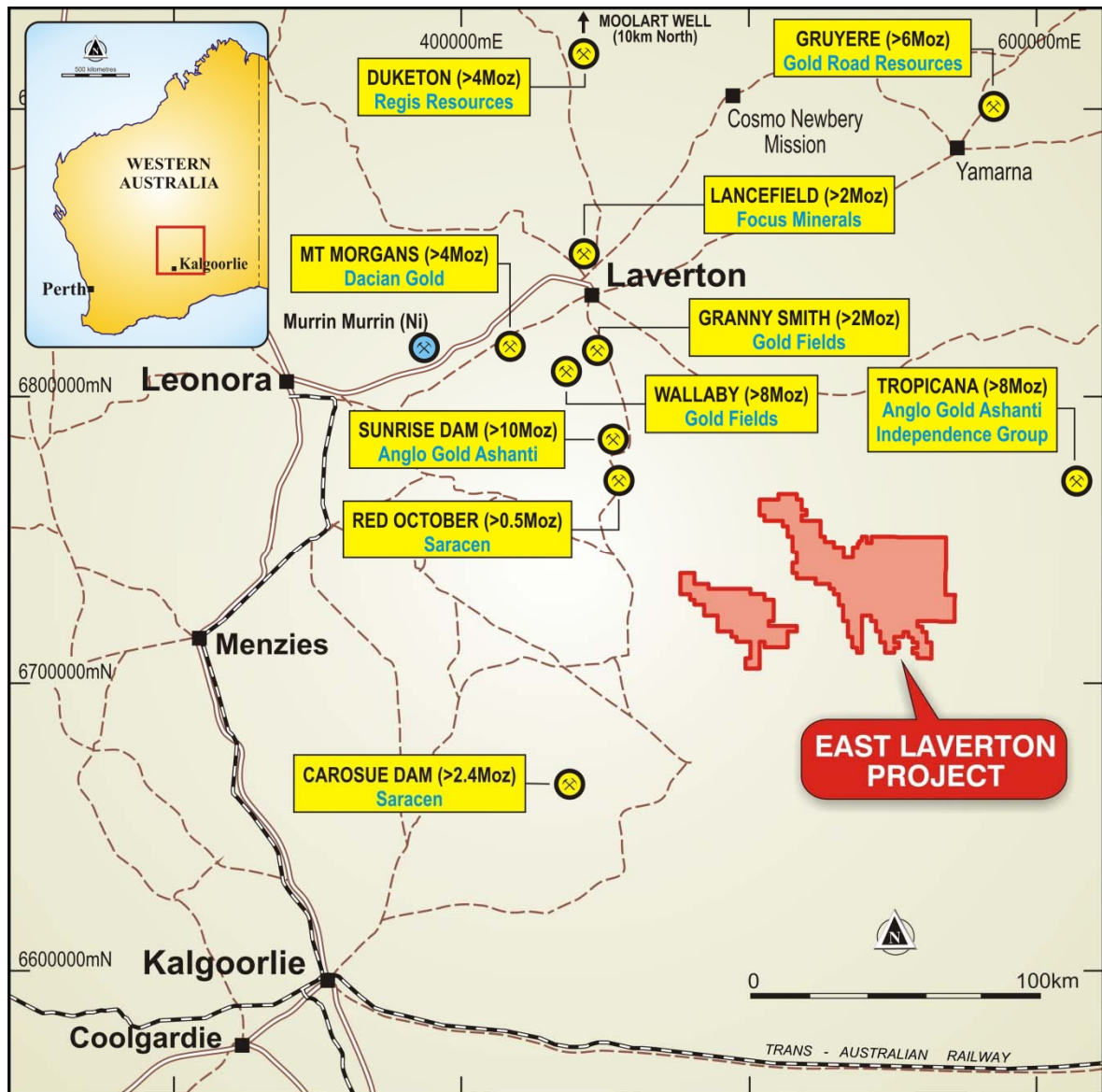


Figure 4 – a regional map showing major gold projects and the location of the East Laverton

The East Laverton Project is also prospective for nickel sulphide mineralisation. The first nickel sulphide drilling at the Project was completed in 2012 by St George Mining and Nickel West, under a now concluded farm-in arrangement.

Continued exploration at the Project has established an extensive portfolio of nickel sulphide targets which are being systematically explored by St George.

At the Windsor Prospect, drilling has identified a large high MgO komatiite ultramafic that is interpreted to extend over 2km. The drilling results to date have confirmed the presence of channel-facies komatiite rocks that host high tenor disseminated nickel sulphides.

A strong electromagnetic (EM) conductor, favourably located on the western contact of the Windsor ultramafic, remains to be tested.

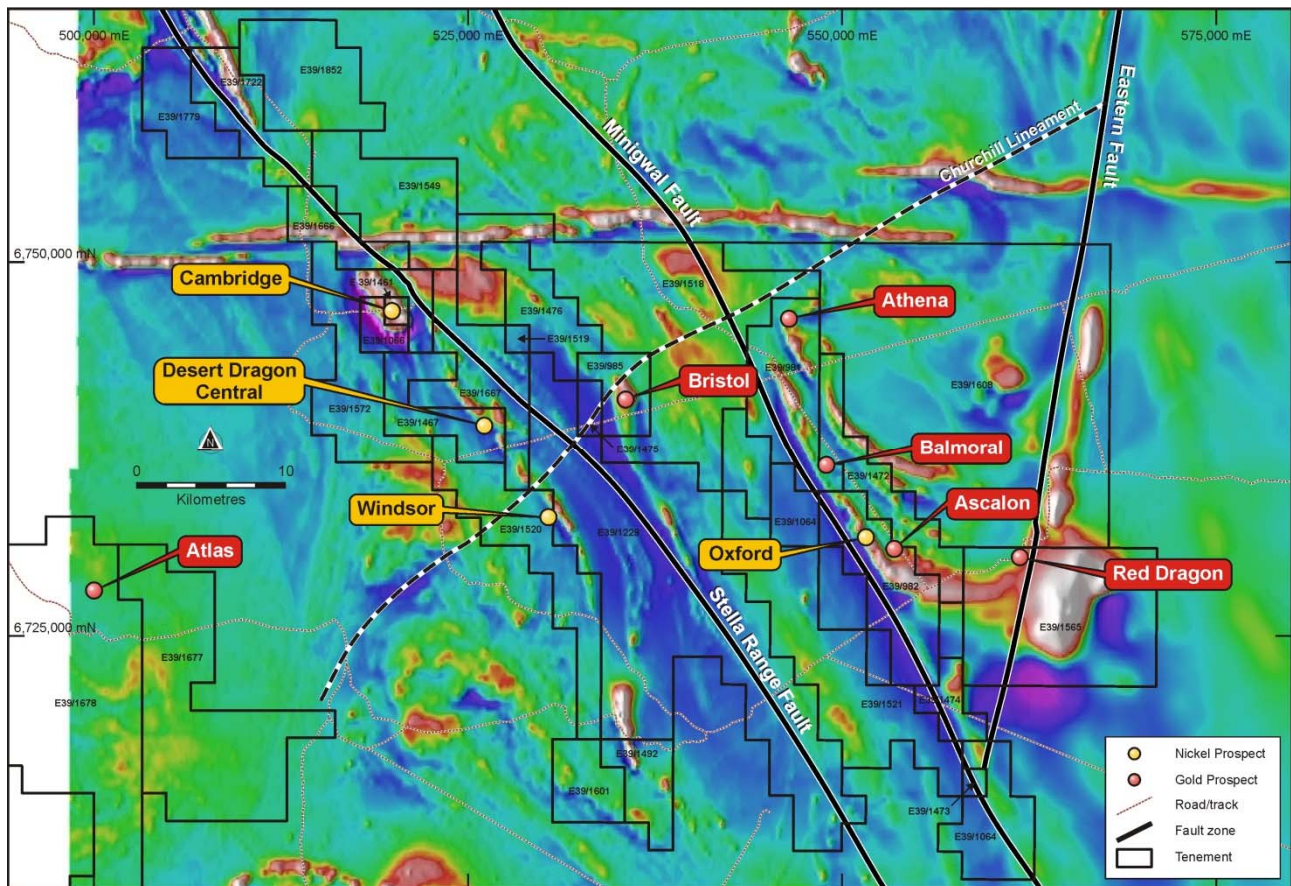


Figure 5 – the tenements at St George’s East Laverton Project shown over magnetics with high priority prospects highlighted. A number of drill-ready targets have been established at several of the prospects.

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 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 Hawaii and Mt Alexander Projects 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.

This ASX announcement contains information extracted from the following reports which are available on the Company’s website at www.stgm.com.au:

- 18 September 2015 *St George Acquires Nickel Sulphide Projects*
- 11 February 2016 *Nickel Sulphide Drilling at East Laverton*
- 30 March 2016 *Large Gold Zone at East Laverton*
- 27 April 2016 *High Grade Nickel-Copper Sulphides at Mt Alexander*
- 11 May 2016 *Massive Nickel-Copper Sulphides at Stricklands*
- 16 June 2016 *Assays Confirm High Grade Mineralisation at Mt Alexander*
- 29 June 2016 *Nickel-Copper Sulphide Discovery at Stricklands*
- 11 July 2016 *Drill Programme for Mt Alexander Project*
- 01 August 2016 *Nickel-Copper Sulphides Discovered at Investigators*
- 30 August 2016 *More Massive Sulphides Mineralisation at Investigators*

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

CAPITAL RAISINGS

The Company completed a number of successful capital raising initiatives during the year.

During November 2015, St George completed a heavily oversubscribed capital raising through a private placement. The Company allotted 22,630,631 fully paid ordinary shares at \$0.08 per share to raise a total of \$1,810,450.

Investors who subscribed for shares in this placement received one free option for every two new shares acquired. These options are on the same terms as the options trading under ASX code SGQOA. A total of 11,315,316 new Options were issued.

A General Meeting of the Company was held on 25 January 2016 to approve and ratify the capital raising completed during November 2015. The General Meeting also considered and approved the issue of 3,500,000 ordinary shares to Western Areas Limited, which agreed to not exercise its right of pre-emption over Nickel West's interest in the Mt Alexander Project.

During March 2016, St George completed a further heavily oversubscribed capital raising through a private placement.

The Company allotted 27,287,238 fully paid ordinary shares at \$0.085 to raise a total of \$2,319,415.

St George launched a Share Purchase Plan (SPP) on 1 April 2016 which provided existing shareholders an opportunity to apply for ordinary shares at a \$0.085 each.

The Company allotted 16,380,000 ordinary shares under the SPP at \$0.085 each to raise \$1,392,300.

A General Meeting of the Company was held on 10 May 2016 to approve and ratify by shareholders the March 2016 capital raising.

Exploration Development Incentive (EDI) Tax Credits

During the year the Company announced that shareholders were to receive an EDI tax credit through a Federal Government initiative. The initiative allows Australian resident shareholders to obtain a refundable tax offset for greenfields exploration undertaken by Australian junior exploration companies that do not derive any taxable income.

St George participated in the EDI for the 2015/2016 tax year with \$379,830 of tax credits approved by the Federal Government. The credits were distributed to eligible shareholders of St George who held ordinary fully paid shares in the Company on 31 May 2016.

R&D Cash Rebate

On 8 September 2015, the Company confirmed it had received a cash payment of \$1,326,000 pursuant to the Federal Government's R&D Tax Incentive Scheme.

The Company's 2014/2015 financial year tax return was assessed to include research and development expenditure eligible for the cash rebate under the Scheme, which is administered jointly by AusIndustry and the Australian Taxation Office.

The Directors of St George Mining Limited submit the annual financial report of St George Mining Limited from the 1 July 2015 to 30 June 2016. In compliance with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names and particulars of the directors of the Company as at 30 June 2016, and at the date of this report, are as follows. Directors were in office for the entire period unless otherwise stated.

JOHN PRINEAS B.EC LL.B F FIN

Executive Chairman

Appointed 19 October 2009

John has over 26 years experience in the banking and legal sectors, including a period as the head of a financial institution in Australia. He commenced his career as a lawyer at Allen, Allen & Hemsley, gaining extensive experience in commercial transactions and corporate advice in both Australia and Asia-Pacific.

In 1994, he joined Dresdner Bank AG in Sydney and over the next 10 years occupied the roles of General Counsel, Chief Operating Officer and Country Head with a focus on project and acquisition finance for resources and infrastructure projects as well as associated capital markets and treasury products, including commodities trading.

John has a diverse range of high level experience in finance, mining and corporate governance.

During the past 3 years he has held no other listed company directorships.

TIM HRONSKY B.ENG (Geology) MAUSIMM, MSEG

Executive Director

Appointed 25 November 2009

Tim is a geologist with over 25 years international experience in the mineral exploration and mining industry, including 15 years with Placer Dome Inc. After graduating from the West Australian School of Mines, Tim began his career in a number of operational roles before shifting to exploration where he was the Exploration Manager (Asia) for Placer Dome.

Subsequently he undertook a number of corporate roles related to business improvement, risk management and assurance. More recently, he has been providing consulting services to a range of clients in the global exploration and mining industry.

During the past 3 years he has held no other listed company directorships.

SARAH SHIPWAY CA, B.Com

Non-Executive Director

Appointed 11 June 2015

Sarah Shipway was appointed Non-Executive Director on 11 June 2015 and was appointed Company Secretary of St George Mining on 22 March 2012. Ms Shipway has a Bachelor of Commerce from the Murdoch University and is a member of the Institute of Chartered Accountants.

During the past 3 years she has also served as a director of the following listed companies:

Company	Date of Appointment	Date of Resignation
Beacon Minerals Limited	11 June 2015	Not applicable
Argent Minerals Limited	11 June 2015	17 September 2015

COMPANY SECRETARY

Sarah Shipway was appointed Company Secretary on 22 March 2012. For details relating to Sarah Shipway, please refer to the details on directors above.

DIRECTORS' INTERESTS

At the date of this report the Directors held the following interests in St George Mining.

Name	Note	Ordinary Shares	Listed Options	Class D Unlisted Options	Class E Unlisted Options
John Prineas	-	10,214,221	1,021,422	-	-
Tim Hronsky	-	1,062,500	106,250	300,000	300,000
Sarah Shipway	-	-	-	-	-

John Prineas has had no interest, whether directly or indirectly, in a contract or proposed contract with St George Mining Limited during the financial year end.

Marshall Michael Pty Ltd Chartered Accountants, where Sarah Shipway is an employee, provides accounting, bookkeeping, corporate secretarial and general administrative services to the Company and Tim Hronsky through Essential Risk Solutions Ltd ("ERS"), of which Tim Hronsky is a Director, provides technical consulting services to the Company.

PRINCIPAL ACTIVITIES

The principal activity of the Group is mineral exploration in Australia.

RESULTS AND REVIEW OF OPERATIONS

The results of the consolidated entity for the financial year from 1 July 2015 to 30 June 2016 after income tax was a loss of \$6,142,617 (2015: \$3,127,847).

A review of operations of the consolidated entity during the year ended 30 June 2016 is provided in the "Review of the Operations" immediately preceding this Directors' Report.

LIKELY DEVELOPMENTS

The Group will continue its exploration activities over the next financial year with a focus on its key projects at the East Laverton Property and Mt Alexander Project. Further commentary on planned activities over the forthcoming year is provided in the "Review of Operations".

The Board will continue to focus on creating value from the Group's existing resource assets, as well as considering new opportunities in the resources sector to complement the Group's current projects.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There has not been any significant change in the state of affairs of the Group during the financial year, other than as noted in this financial report.

ENVIRONMENTAL ISSUES

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all applicable regulations when carrying out exploration work.

DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

DIRECTORS' MEETINGS

The following table sets out the number of meetings held during the year ended 30 June 2016 and the number of meetings attended by each director.

Name	Eligible to attend	Attended
J Prineas	7	7
T Hronsky	7	7
S Shipway	7	7

REMUNERATION REPORT – AUDITED***Remuneration policy***

The remuneration policy of St George Mining Limited has been designed to align directors' objectives with shareholder and business objectives by providing a fixed remuneration component, which is assessed on an annual basis in line with market rates. The Board of St George Mining Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company.

The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

- The remuneration policy and setting the terms and conditions for the Executive directors and other senior staff members is developed and approved by the Board based on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained when considered necessary to confirm that executive remuneration is in line with market practice and is reasonable within Australian executive reward practices.
- All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation.
- The Group is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions within the same industry. Options and performance incentives may be issued particularly as the entity moves from an exploration to a producing entity and key performance indicators such as profit and production and reserves growth can be used as measurements for assessing executive performance.
- The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Executive Directors, in consultation with independent advisors, determine payments to the non-executives and review their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently \$150,000 per annum. Fees for independent non-executive directors are not linked to the performance of the Group. To align Directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Details of directors and executives

Directors	Title	Date of Appointment	Date of Retirement
J Prineas	Executive Chairman	19 October 2009	Not Applicable
T Hronsky	Executive Director	25 November 2009	Not Applicable
S Shipway	Non-Executive Director	11 June 2015	Not Applicable

The Company does not have any executives that are not Directors.

Executive Directors' remuneration and other terms of employment are reviewed annually by the non-executive director(s) having regard to performance against goals set at the start of the year, relative comparable information and independent expert advice.

Except as detailed in the Director's Report, no director has received or become entitled to receive, during or since the financial year end, a benefit because of a contract made by the Group or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in the Remuneration Report, prepared in accordance with the Corporations Regulations, or the fixed salary of a full time employee of the Group.

Remuneration of directors and executives

Remuneration for the financial year ended 30 June 2016.

Directors	Short-Term Benefits			Post Employment Benefits	Long Term Benefits	Equity Settled Share-Based Payments	Total
	Salary and Fees	Termination Payment	Non Monetary	Superannuation	Long Service Leave	Shares/Option s	
	\$	\$	(i) \$	\$	\$	\$	\$
J Prineas							
2016	180,000	-	3,410	17,100	-	-	200,510
2015	180,000	-	3,515	17,100	-	-	200,615
T Hronsky							
2016	180,000	-	3,210	-	-	5,550	188,760
2015	180,000	-	3,210	-	-	-	183,210
S Shipway (ii)							
2016	93,000	-	1,675	3,800	-	-	98,475
2015	-	-	-	-	-	-	-
M Michael							
2016	-	-	-	-	-	-	-
2015	40,000	40,000	1,494	3,800	-	-	85,294
Total							
2016	453,000	-	8,295	20,900	-	5,550	487,745
2015	400,000	40,000	8,219	20,900	-	-	469,119

(i) Non monetary benefits are for directors' and officers' liability and legal expense insurance premiums.

(ii) Sarah Shipway was appointed as a director on 11 June 2015.

Employment contracts of directors and executives

The terms and conditions under which key management personnel and executives are engaged by the Company are formalised in contracts between the Company and those individuals.

The Company has entered into an executive services agreement with Mr John Prineas whereby Mr Prineas receives remuneration of \$180,000 per annum plus statutory superannuation. Mr Prineas may terminate the agreement by giving 3 months' notice. The executive services agreement is reviewed and renewed monthly.

The Company has entered into a service agreement with Ms Sarah Shipway whereby Ms Shipway receives remuneration of \$40,000 per annum plus statutory superannuation and \$48,000 for Non-Executive Director and Company Secretary respectively. Before 1 January 2016 Ms Shipway received remuneration of \$60,000 for Company Secretary.

The Company has entered into a consultancy contract with Essential Risk Solutions ("ERS") and Mr Hronsky whereby a base service fee of \$15,000 per month is payable, \$180,000 per annum. Up to 4 economy class trips between Perth and Vancouver may be paid by the Company on behalf of Mr Hronsky in each calendar year. ERS may terminate the Agreement by giving 3 months' notice. The consultancy contract with ERS is reviewed and renewed monthly.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Officer or agent of the Company shall be indemnified out of the property of the entity against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the year the Company agreed to pay an annual insurance premium of \$8,295 (2015: \$8,219) in respect of directors' and officers' liability and legal expenses' insurance contracts, for directors, officers and employees of the Company. The insurance premium relates to:

- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal, and whatever the outcome.
- Other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty.

During the year 300,000 Class D Options and 300,000 Class E Options were issued to directors or other key management personnel. No options were exercised or cancelled, 400,000 Class C Options held by a Director expired on 28 November 2015 unexercised.

No Performance Shares were converted to ordinary shares during the year and 40 Performance Shares held by Directors' expired during the year.

Shareholdings of key management personnel

Directors	Balance at 1 July 2015	Granted as remuneration	Net other change	Balance at 30 June 2016
John Prineas	10,214,221	-	-	10,214,221
Timothy Hronsky	1,062,500	-	-	1,062,500
Sarah Shipway	-	-	-	-
Total	11,276,721	-	-	11,276,721

Directors	Balance at 1 July 2014 (i)	Granted as remuneration	Net other change	Balance at 30 June 2015 (ii)
John Prineas	10,214,221	-	-	10,214,221
Timothy Hronsky	1,062,500	-	-	1,062,500
Marcus Michael	2,810,668	-	-	2,810,668
Sarah Shipway	-	-	-	-
Total	14,087,389	-	-	14,087,389

(i) Balance as at 1 July 2014 or at the date of appointment.

(ii) Balance as at 30 June 2015 or at the date of retirement.

Listed Options, exercisable at \$0.20 on or before 30 June 2017, holdings of key management personnel

Directors	Balance at 1 July 2015	Granted as remuneration	Net other change	Balance at 30 June 2016
John Prineas	1,021,422	-	-	1,021,422
Timothy Hronsky	106,250	-	-	106,250
Sarah Shipway	-	-	-	-
Total	1,127,672	-	-	1,127,672

Directors	Balance at 1 July 2014 (i)	Granted as remuneration	Net other change (ii)	Balance at 30 June 2015 (iii)
John Prineas	-	-	1,021,422	1,021,422
Timothy Hronsky	-	-	106,250	106,250
Marcus Michael	-	-	281,066	281,066
Sarah Shipway	-	-	-	-
Total	-	-	1,408,738	1,408,738

(i) Balance as at 1 July 2014 or at the date of appointment.

(ii) On the 17 December 2014 the Company announced a Bonus Issue of One (1) new options for every ten (10) shares held by shareholder on 5 January 2015, the options were issued for nil consideration.

(iii) Balance as at 30 June 2015 or at the date of retirement.

Class C Unlisted Option holdings of key management personnel

Directors	Balance at 1 July 2015	Granted as remuneration	Net other change (i)	Balance at 30 June 2016
John Prineas	-	-	-	-
Timothy Hronsky	400,000	-	(400,000)	-
Sarah Shipway	-	-	-	-
Total	400,000	-	(400,000)	-

Directors	Balance at 1 July 2014 (ii)	Granted as remuneration	Net other change	Balance at 30 June 2015 (iii)
John Prineas	-	-	-	-
Timothy Hronsky	400,000	-	-	400,000
Marcus Michael	-	-	-	-
Sarah Shipway	-	-	-	-
Total	400,000	-	-	400,000

(i) Expired during the year, these options were issued in the 2012 financial year.

(ii) Balance as at 1 July 2014 or at the date of appointment.

(iii) Balance as at 30 June 2015 or at the date of retirement.

Class D Unlisted Option holdings of key management personnel

Directors	Balance at 1 July 2015	Granted as remuneration (i)	Net other change	Balance at 30 June 2016
John Prineas	-	-	-	-
Timothy Hronsky	-	300,000	-	300,000
Sarah Shipway	-	-	-	-
Total	-	300,000	-	300,000

(i) The Class D Unlisted Options were granted on 27 November 2015 and will vest 12 months from the date of issue.

(ii) The value of the Class D Unlisted Options granted to a Director was \$3,840. The full amount was expensed in the year ended 30 June 2016.

Class E Unlisted Option holdings of key management personnel

Directors	Balance at 1 July 2015	Granted as remuneration (i)	Net other change	Balance at 30 June 2016
John Prineas	-	-	-	-
Timothy Hronsky	-	300,000	-	300,000
Sarah Shipway	-	-	-	-
Total	-	300,000	-	300,000

(i) The Class E Unlisted options were granted on 27 November 2015 and will vest 12 months from the date of issue.

(ii) The value of the Class E Unlisted Options granted to a Director was \$7,260. The full amount was expensed in the year ended 30 June 2016.

Performance Shareholdings of key management personnel

Directors	Balance at 1 July 2015	Granted as remuneration	Net other change (iii)	Balance at 30 June 2016
John Prineas	30	-	(30)	-
Timothy Hronsky	10	-	(10)	-
Sarah Shipway	-	-	-	-
Total	40	-	(40)	-

Directors	Balance at 1 July 2014 (ii)	Granted as remuneration	Net other change	Balance at 30 June 2015 (i), (iv)
John Prineas	30	-	-	30
Timothy Hronsky	10	-	-	10
Marcus Michael	15	-	-	15
Sarah Shipway	-	-	-	-
Total	55	-	-	55

(i) On satisfaction of certain milestone events, each Performance Share converts into 100,000 ordinary shares in which case John Prineas would become entitled to a further 3,000,000 ordinary shares, Timothy Hronsky a further 1,000,000 ordinary shares and Marcus Michael a further 1,500,000 ordinary shares.

(ii) Balance as at 1 July 2014 or at the date of appointment.

(iii) Expired during the year, the Performance Shares were issued in the 2011 financial year.

(iv) Balance as at 30 June 2015 or at the date of retirement.

END OF REMUNERATION REPORT
SHARE OPTIONS
Unissued shares

At the date of this report the Company had on issue 47,354,622 listed options, exercisable at \$0.20 on or before 30 June 2017. During the financial year ended 30 June 2016 and at the date of this report 1,160 options had been converted into fully paid ordinary shares.

At the date of this report the Company had on issue the below unlisted options;

Unlisted Options Class	Number of Options	Exercise Price \$	Expiry Date
Class D Options	600,000	\$0.30	On or before 28 November 2016
Class E Options	600,000	\$0.50	On or before 28 November 2017

During the financial year ended 30 June 2016, and at the date of this report, none of these unlisted options were converted into fully paid ordinary shares.

Option holders do not have any rights to participate in any issues of shares of other interests in the Company or any other entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE STATEMENT

St George Mining is committed to ensuring that its policies and practices reflect a high standard of corporate governance. The Board has adopted a comprehensive framework of Corporate Governance Guidelines.

Throughout the 2016 financial year the Company's governance was consistent with the Corporate Governance Principles and Recommendations (3rd edition) published by the ASX Corporate Governance Council.

The Group's Corporate Governance Statement can be viewed at www.stgm.com.au.

EVENTS SUBSEQUENT TO BALANCE DATE

On 19 August 2016 pursuant to a private placement the Company issued 43,165,470 shares at \$0.15 per share with one (1) free attaching option exercisable at \$0.20 on or before 30 June 2017 for every five (5) shares applied for. The options are part of the option series that trade under ASX code SGQOA.

Except for the above no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of the affairs of the Group in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 47 of the financial report.

Non Audit Services

The Company's auditor, Stantons International, did not provide any non-audit services to the Company during the financial year ended 30 June 2016.

Signed in accordance with a resolution of the directors made pursuant to s 298(2) of the Corporations Act 2001.

On behalf of the directors



JOHN PRINEAS
Executive Chairman
St George Mining Limited
Dated 9 September 2016

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016**

Australian Dollar (\$)	Note	30 JUNE 2016 \$	30 JUNE 2015 \$
REVENUE			
Interest	3	18,003	20,826
Other income – Research and Development Tax Incentive	3	<u>1,326,267</u>	<u>797,715</u>
EXPENDITURE			
Administration expenses	4	(1,023,258)	(886,070)
Exploration expenditure written off	5	<u>(6,463,629)</u>	<u>(3,060,318)</u>
LOSS BEFORE INCOME TAX		<u>(6,142,617)</u>	<u>(3,127,847)</u>
Income Tax	6(a)	<u>-</u>	<u>-</u>
NET LOSS ATTRIBUTABLE TO MEMBERS OF THE COMPANY		<u>(6,142,617)</u>	<u>(3,127,847)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME (LOSS)		<u>(6,142,617)</u>	<u>(3,127,847)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO MEMBERS OF THE COMPANY		<u>(6,142,617)</u>	<u>(3,127,847)</u>
LOSS PER SHARE			
Basic and diluted – cents per share	15	<u>(3.77)</u>	<u>(2.90)</u>

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 30 JUNE 2016**

Australian Dollar (\$)	Note	30 JUNE 2016 \$	30 JUNE 2015 \$
CURRENT ASSETS			
Cash and cash equivalents	16(a)	1,437,025	1,569,200
Trade and other receivables	9(a)	66,786	97,728
Other assets	9(b)	52,174	42,323
TOTAL CURRENT ASSETS		<u>1,555,985</u>	<u>1,709,251</u>
NON CURRENT ASSETS			
Security bond		1,000	1,000
Plant and equipment	10	34,431	37,577
Exploration and evaluation expenditure	11	482,581	482,581
TOTAL NON CURRENT ASSETS		<u>518,012</u>	<u>521,158</u>
TOTAL ASSETS		<u>2,073,997</u>	<u>2,230,409</u>
CURRENT LIABILITIES			
Trade and other payables	12	1,106,980	1,196,770
Provisions		10,577	-
TOTAL CURRENT LIABILITIES		<u>1,117,557</u>	<u>1,196,770</u>
TOTAL LIABILITIES		<u>1,117,557</u>	<u>1,196,770</u>
NET ASSETS		<u>956,440</u>	<u>1,033,639</u>
EQUITY			
Issued capital	13(a)	18,277,130	12,373,816
Reserves	13(b)	352,841	222,933
Accumulated losses	14	(17,673,531)	(11,563,110)
TOTAL EQUITY		<u>956,440</u>	<u>1,033,639</u>

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

Australian (\$)	SHARE CAPITAL	ACCUMULATED LOSSES	SHARE OPTION RESERVE	TOTAL EQUITY
	\$	\$	\$	\$
BALANCE AT 1 JULY 2015	12,373,816	(11,563,110)	222,933	1,033,639
Loss for the year	-	(6,142,617)	-	(6,142,617)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	(6,142,617)	-	(6,142,617)
Shares issued during the year	6,022,165	-	-	6,022,165
Share and Option based payments	308,000	-	162,104	470,104
Options exercised during the year	232	-	-	232
Expiry of options	-	32,196	(32,196)	-
Share and option issue expenses	(427,083)	-	-	(427,083)
BALANCE AT 30 JUNE 2016	18,277,130	(17,673,531)	352,841	956,440
BALANCE AT 1 JULY 2014	9,240,285	(8,839,496)	487,662	888,451
Loss for the year	-	(3,127,847)	-	(3,127,847)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	(3,127,847)	-	(3,127,847)
Shares issued during the year	3,522,050	-	-	3,522,050
Option based payments	-	-	157,996	157,996
Options vested during the year	-	-	5,390	5,390
Expiry of options	-	404,233	(404,233)	-
Share and option issue expenses	(388,519)	-	(23,882)	(412,401)
BALANCE AT 30 JUNE 2015	12,373,816	(11,563,110)	222,933	1,033,639

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2016**

Australian Dollar (\$)	Note	30 JUNE 2016 \$	30 JUNE 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Expenditure on mining interests		(5,854,948)	(2,973,953)
Payments to suppliers and employees		(1,028,738)	(810,796)
Interest received		17,181	21,155
Other – GST		30,585	15,984
Research and Development Incentive Grant		1,326,267	797,715
Net cash outflow from operating activities	16(b)	<u>(5,509,653)</u>	<u>(2,949,895)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tenements		(353,680)	-
Purchase of plant and equipment		(18,110)	(7,259)
Net cash outflow from investing activities		<u>(371,790)</u>	<u>(7,259)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of shares and options net of capital raising costs		5,749,268	3,264,695
Net cash flows from financing activities		<u>5,749,268</u>	<u>3,264,695</u>
Net (decrease)/increase in cash and cash equivalents		<u>(132,175)</u>	<u>307,541</u>
Cash and cash equivalents at the beginning of the financial year		<u>1,569,200</u>	<u>1,261,659</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	16(a)	<u>1,437,025</u>	<u>1,569,200</u>

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

1 CORPORATE INFORMATION

The financial report of St George Mining Limited ("St George Mining" or "the Company") for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 9 September 2016.

St George Mining Limited is a company limited by shares, incorporated in Australia on 19 October 2009. The consolidated financial statements of the Company for year ended 30 June 2016 comprise of the Company and its subsidiaries together referred to as the Group or consolidated entity.

The nature of the operations and principal activity of the Group is mineral exploration.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(a) Basis of Preparation of the Financial Report**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The financial report also complies with the International Financial Reporting Standards. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars. The following accounting policies have been approved by the consolidated entity, except as noted below.

Going Concern

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 \$6,142,617 and net operating cash outflows of \$5,509,653 for the year ended 30 June 2016.

The Board is confident that the Group will have sufficient funds to finance its operations in the 2016/2017 Financial Year.

(b) Adoption of new and revised standards

The Group has consistently applied the following accounting policies to all periods presented in the financial statements. The Group has considered the implications of new and amended Accounting Standards applicable for annual reporting periods beginning after 1 January 2015 but determined that their application to the financial statements is either not relevant or not material.

(c) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

(d) Research & Development Tax Incentives***Change in accounting policy***

The Group previously accounted for R&D tax incentives as an income tax benefit. The entity has determined that these incentives are more akin to government grants because they are not conditional upon earning taxable

income. The Group has therefore made a voluntary change in accounting policy during the reporting period. Refundable tax incentives are now accounted for as a government grant under AASB 120 Accounting for Government Grants and Disclosure of Government Assistance as the directors consider this policy to provide more relevant information to meet the economic decision-making needs of users, and to make the financial statements more relevant.

(e) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent St George Mining Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 21.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(f) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(g) Income Tax

Current income tax refunded/(expensed) charged to profit or loss is tax refundable/(payable). Those amounts recognised are expected to be recovered from/(paid to) the relevant taxation authority.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither that accounting profit nor taxable profit or loss; and,
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all the deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and,
- in respect of deductible temporary differences with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are not in the income statement.

(h) Exploration and evaluation expenditure

Exploration and evaluation expenditure on areas of interest are expensed as incurred. Costs of acquisition will normally be expensed but will be assessed on a case by case basis and may be capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Where projects have advanced to the stage that directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

(i) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Interest revenue is recognised using the effective interest method.

(j) Cash and cash equivalents

Cash and short-term deposits in the consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(k) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated cash outflows to be made to those benefits.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

(l) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

Class of Fixed Asset	Depreciation Rate
<i>Plant and Equipment</i>	
- Year 1	18.75%
- Subsequent Years	37.50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each financial year end.

(m) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value; less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and it is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systemic basis over its remaining useful life.

(n) Earnings per share

Basic earnings per share is calculated as net loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

(o) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash Flows are included in the Consolidated Statement of Cash Flows net of GST. The GST components of cash flows arising from investing and financial activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(p) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the consolidated profit or loss.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit or loss.

(q) Financial assets

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes party to the contractual provisions of the financial instrument. A financial asset is derecognised when the contractual rights to the Consolidated Statement of Cash Flows from the financial assets expire or are transferred and no longer controlled by the entity. A financial liability is removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets and financial liabilities classified as held for trading are measured at fair value through the profit or loss.

Upon initial recognition a financial asset or financial liability is designated as at fair value through the profit or loss when:

- (a) an entire contract containing one or more embedded derivatives is designated as a financial asset or financial liability at fair value through the profit or loss;
- (b) doing so results in more relevant information, because either:
 - (i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing gains or losses on them on different bases; or
 - (ii) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to key management personnel.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured are not designated as at fair value through the profit or loss.

A gain or loss arising from a change in the fair value of a financial asset or financial liability classified as at fair value through the profit or loss is recognised in the profit or loss.

Financial assets not measured at fair value comprise:

- a) loans and receivables being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are measured at amortised cost using the effective interest rate method;

- (b) held-to-maturity investments being non-derivative financial assets with fixed or determinable payments and fixed maturity that will be held to maturity. These are measured at amortised cost using the effective interest method; and
- (c) investments in equity instruments that do not have a quoted market price in an active market and the fair value of which cannot be reliably measured. These are measured at cost together with derivatives that are linked to and must be settled by the delivery of such investments.

Available-for-sale financial assets are non-derivative financial assets, which are designated as available-for-sale or that are not classified as loans and receivables, held-to-maturity investments or financial assets as at fair value through the profit and loss.

A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognised directly in equity, through the Consolidated Statement of Changes in Equity (except for impairment losses and foreign exchange gains or losses) until the financial asset is derecognised at which time the cumulative gain or loss previously recognised in equity is recognised in the profit or loss.

Regular way purchases of financial assets are accounted for as follows:

- financial assets held for trading – at trade date
- held-to-maturity investments – at trade date
- loans and receivables – at trade date
- available-for-sale financial assets – at trade date

Except for the following all financial liabilities are measured at amortised cost using the effective interest rate method:

- (a) financial liabilities at fair value through the profit and loss and derivatives that are liabilities measured at fair value;
- (b) financial liabilities that arise when a transfer of financial asset does not qualify for de-recognition or are accounted for using the continuing involvement approach.

The amortised cost of a financial asset or a financial liability is the amount initially recognised minus principal repayments, plus or minus cumulative amortisation of any difference between the initial amount and maturity amount and minus any write-down for impairment or un-collectability.

(r) Contributed equity

Ordinary shares and options are classified as contributed equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of GST, from the proceeds.

(s) Significant accounting estimates and judgements

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Deferred taxation

The potential deferred tax asset arising from the tax losses and temporary differences have not been recognised as an asset because recovery of the tax losses is not yet considered probable (refer note 6).

Subsidiary Loans

Provision has been made for all unsecured loans with subsidiaries as it is uncertain if and when the loans will be recovered.

Capitalised exploration costs

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely, either from future exploration or sale, or where activities have not reached a stage which permits reasonable assessment.

(t) Comparative information

Comparative information is amended where appropriate to ensure consistency in presentation with the current year.

3 REVENUE

	CONSOLIDATED 30 JUNE 2016 \$	CONSOLIDATED 30 JUNE 2015 \$ (RESTATED)
Interest income	18,003	20,826
Research and Development Tax Incentive (i)	<u>1,326,267</u>	<u>797,715</u>

(i) The Research and Development rebate \$1,326,267 is in relation to the year ended 30 June 2015 (2015: \$797,715 in relation to the year ended 30 June 2014).

4 EXPENSES

Administration expenses include the following expenses:

	CONSOLIDATED 30 JUNE 2016 \$	CONSOLIDATED 30 JUNE 2015 \$
Employee benefit expense		
Wages and salaries	352,500	216,667
Accrued annual leave	10,577	-
Employee share based payments	11,100	5,390
Employee termination payment	-	40,000
Defined contribution superannuation expense	<u>33,488</u>	<u>20,583</u>
	<u>407,665</u>	<u>282,640</u>
Other administration costs		
Accounting fees	25,064	19,325
Research and Development consulting fees	10,100	7,240
Administrative fees	48,776	42,110
Company secretarial fees	53,000	58,000
Legal fees	18,187	9,221
Publications and subscriptions	140,862	55,872
Presentations and seminars	71,156	105,152
Share registry costs	44,076	20,714
Travel expenses	<u>108,326</u>	<u>147,313</u>
	<u>519,547</u>	<u>464,947</u>

5 EXPLORATION EXPENDITURE WRITTEN OFF

	CONSOLIDATED 30 JUNE 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Exploration expenditure written off	5,801,949	3,060,318
Tenement acquisition costs (i)	661,680	-
	<u>6,463,629</u>	<u>3,060,318</u>

- (ii) In October 2015, St George completed the 100% acquisition of exploration licence E29/548 from BHP Billiton Nickel West ("Nickel West"). On 28 January 2016, St George completed the acquisition of Nickel West's 75% interest in E29/638. St George expanded the contiguous project area with applications for exploration licence E29/972, E29/954 and E29/962, the latter two have now been granted.

6 INCOME TAX

- (a) Prima facie income tax benefit at 30% on loss from ordinary activities is reconciled to the income tax provided in the financial statements**

	CONSOLIDATED 30 JUNE 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Loss before income tax	(6,142,617)	(3,127,847)
Income tax calculated at 30%	(1,842,785)	(938,354)
Tax effect of:-		
Sundry – temporary differences	4,934	(16,062)
Section 40-880 deduction	(75,172)	(70,492)
Future income tax benefit not brought to account	1,913,023	1,024,908
Income tax benefit	<u>-</u>	<u>-</u>

- (b) Deferred tax assets**

The potential deferred tax asset arising from the tax losses and temporary differences have not been recognised as an asset because recovery of tax losses is not yet probable.

	CONSOLIDATED 30 JUNE 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Australian accumulated tax losses (i)	3,990,072	1,679,285
Provisions - net of prepayments	(4,232)	7,059
Exploration and evaluation expenditure	(144,774)	(144,774)
Section 40-880 deduction	206,700	153,747
Unrecognised deferred tax assets relating to the above temporary differences	<u>4,047,766</u>	<u>1,695,317</u>

- (i) The Australian accumulated tax losses opening balance at 30 June 2015 has been restated due to the 30 June 2015 Research and Development rebate \$1,326,267 being received during the 2015/2016 financial year.

The benefits will only be obtained if:

- (i) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;
- (ii) The Group continues to comply with the conditions in deductibility imposed by the Law; and
- (iii) No change in tax legislation adversely affect the Group in realising the benefits from the deductions or the losses.

7 AUDITOR'S REMUNERATION

	CONSOLIDATED 30 JUNE 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Auditing and review of the Group's financial statements	25,084	22,094
	<u>25,084</u>	<u>22,094</u>

8 KEY MANAGEMENT PERSONNEL

(a) Details of key management personnel

Directors

John Prineas
Timothy Hronsky
Sarah Shipway

Executive

John Prineas – Executive Chairman
Timothy Hronsky – Executive Director

(b) Compensation of key management personnel

	CONSOLIDATED 30 JUNE 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Salaries and fees	453,000	400,000
Employee termination payment	-	40,000
Non-monetary	8,295	8,219
Post employment benefits – superannuation	20,900	20,900
Equity settled option based payment	5,550	-
	<u>487,745</u>	<u>469,119</u>

(c) Other key management personnel transactions

Accounting, bookkeeping, corporate secretarial and general administrative service fees of \$126,545 (2015: \$120,184) were paid or payable on ordinary commercial terms during the year to Marshall Michael Pty Ltd, a company in which Ms Shipway is an employee.

9 CURRENT ASSETS

(a) Trade and Other Receivables

	CONSOLIDATED 30 JUNE 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Current	66,786	97,728
	<u>66,786</u>	<u>97,728</u>

Other receivables include amounts outstanding for goods and services tax (GST) of \$53,807 (2015: \$84,392), interest receivable of \$1,208 (2015: \$386), other receivables of \$11,771 (2015: \$0) and undeposited funds of \$0 (2015: \$12,950).

GST amounts are non-interest bearing and have repayment terms applicable under the relevant government authorities. No trade and other receivables are impaired or past due.

(b) Other Assets

	CONSOLIDATED 30 JUNE 2016 \$	CONSOLIDATED 30 JUNE 2015 \$
Prepayments	32,174	42,323
Deposit	20,000	-
	<u>52,174</u>	<u>42,323</u>

10 PLANT AND EQUIPMENT

	CONSOLIDATED 30 JUNE 2016 \$	CONSOLIDATED 30 JUNE 2015 \$
Plant and Equipment		
At Cost	78,622	69,643
Accumulated depreciation	(44,191)	(32,066)
Total plant and equipment	<u>34,431</u>	<u>37,577</u>

Plant and Equipment

Carrying amount at the beginning of the year	37,577	50,687
Additions	16,255	7,259
Disposals	(2,262)	-
Depreciation expense	(17,139)	(20,369)
Total carrying amount at end of year	<u>34,431</u>	<u>37,577</u>

11 EXPLORATION, EVALUATION AND ACQUISITION EXPENDITURE

The Group has capitalised acquisition expenditure on the basis that either the expenditure is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

	CONSOLIDATED 30 JUNE 2016 \$	CONSOLIDATED 30 JUNE 2015 \$
Balance at the beginning of the year	482,581	482,581
Additions	-	-
	<u>482,581</u>	<u>482,581</u>

12 CURRENT LIABILITIES

	CONSOLIDATED 30 JUNE 2016 \$	CONSOLIDATED 30 JUNE 2015 \$
Trade and other payables	1,106,980	1,196,770
	<u>1,106,980</u>	<u>1,196,770</u>

13 ISSUED CAPITAL

Australian Dollar \$	CONSOLIDATED 30 JUNE 2016 \$	CONSOLIDATED 30 JUNE 2015 \$
(a) Issued and paid up capital		
At the beginning of the reporting period	12,373,816	9,240,285
July 2015: 5,555,556 shares issued at \$0.09 per share	500,000	-
November 2015: 22,630,631 shares issued at \$0.08 per share	1,810,450	-
January 2016: 3,500,000 shares issued at \$0.088 per share	308,000	-
March 2016: 27,169,591 shares issued at \$0.085 per share	2,309,415	-
April 2016: 16,497,647 shares issued at \$0.085 per share	1,402,300	-
May 2016: 1,160 shares issued at \$0.20 per share	232	-
July 2014: 3,050,001 shares issued at \$0.12 per share	-	366,000
October 2014: 19,505,555 shares issued at \$0.09 per share	-	1,755,500
June 2015: 20,007,864 shares issued at \$0.07 per share	-	1,400,550
Transactions costs arising from issue of shares	(427,083)	(388,519)
At reporting date 207,194,255 (30 June 2015: 131,839,670) fully paid ordinary shares	18,277,130	12,373,816

Movements in Ordinary Shares	Number	Number
At the beginning of the reporting period	131,839,670	89,276,250
Shares issued during the year	75,353,425	42,563,420
Options exercised during the year	1,160	-
At reporting date	207,194,255	131,839,670

Movements in Performance Shares	Number	Number
At the beginning of the reporting period	100	100
Changes to performance shares issued during the year (i)	(100)	-
At reporting date	-	100

(i) 100 Performance shares expired on 28 November 2015.

(b) Option Reserve

Movements in options reserve	CONSOLIDATED 30 JUNE 2016 \$	CONSOLIDATED 30 JUNE 2015 \$
At the beginning of the year	222,933	487,662
Options expensed over the vesting period (ii), (iii)	11,100	5,390
Listed options (iv), (v)	151,004	157,996
Expiry of options transferred to accumulated losses (i)	(32,196)	(404,233)
Options issue expense	-	(23,882)
At reporting date	352,841	222,933

- (i) The Company had on issue 1,000,000 Class C Options under the Company's Employee Incentive Option Plan. On 28 November 2015 1,000,000 Class C Options expired, unexercised.
- (ii) On 27 November 2015 the Company issued 600,000 Class D Unlisted Options exercisable at \$0.30 on or before 28 November 2016 under the Company's Employee Incentive Option Plan.
- (iii) On 27 November 2015 the Company issued 600,000 Class E Unlisted Options exercisable at \$0.50 on or before 28 November 2017 under the Company's Employee Incentive Option Plan.

- (iv) On 2 November 2015 the Company agreed to issue 2,000,000 listed options, exercisable at \$0.20 on or before 30 June 2017, to brokers for services rendered in relation to the Company's placement completed in November 2015.
- (v) On 1 April 2016 the Company agreed to issue 4,550,194 listed options, exercisable at \$0.20 on or before 30 June 2017, to brokers for services rendered in relation to the Company's placement completed in March 2016.

A summary of the outstanding options at 30 June 2016 in the Company is listed below:

Class	Number of Options	Exercise Price	Expiry Date
Listed Options	38,721,528	\$0.20	30 June 2017
Class D Unlisted Options	600,000	\$0.30	28 November 2016
Class E Unlisted Options	600,000	\$0.50	28 November 2017

14 ACCUMULATED LOSSES

	CONSOLIDATED 30 JUNE 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Accumulated losses at the beginning of the year	(11,563,110)	(8,839,496)
Loss for the year	(6,142,617)	(3,127,847)
Expiry of options	32,196	404,233
Accumulated losses at the end of the year	<u>(17,673,531)</u>	<u>(11,563,110)</u>

15 LOSS PER SHARE

	CONSOLIDATED 30 JUNE 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Basic loss per share after income tax attributable to members of the Company (cents per share)	(3.77)	(2.90)
Diluted loss per share (cents per share)	<u>(3.77)</u>	<u>(2.90)</u>

	2016 Number	2015 Number
Weighted average number of shares on issue during the financial year used in the calculation of basic earnings per share	163,005,341	107,869,090
Weighted average number of ordinary shares for diluted earnings per share	<u>163,005,341</u>	<u>107,869,090</u>

16 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

	CONSOLIDATED 30 JUNE 2016	CONSOLIDATED 30 JUNE 2015
	\$	\$
Current – cash at bank	1,437,025	1,569,200
	<u>1,437,025</u>	<u>1,569,200</u>

(b) Reconciliation of loss after tax to net cash flows from operations

	CONSOLIDATED 30 JUNE 2016 \$	CONSOLIDATED 30 JUNE 2015 \$
Loss after income tax	(6,142,617)	(3,127,847)
Share based payments	319,100	5,390
Depreciation expense	17,139	20,369
Tenement acquisition expense	357,797	-
(Increase)/decrease in assets		
Trade and other receivables	29,763	16,313
Other assets	(21,622)	(39,710)
Increase/(decrease) in liabilities		
Trade and other payables	(79,789)	175,590
Provisions	10,576	-
	<u>(5,509,653)</u>	<u>(2,949,895)</u>

(c) Non cash financing and investing activities

- (i) On 4 February 2016 the Company issued 2,000,000 listed options, exercisable at \$0.20 on or before 30 June 2017, to brokers for services rendered in relation to the Company's placement completed in November 2015.
- (ii) On 1 April 2016 the Company agreed to issue 4,550,194 listed options, exercisable at \$0.20 on or before 30 June 2017, to brokers for services rendered in relation to the Company's placement completed in March 2016.
- (iii) On 28 January 2016 the Company issued 3,500,000 fully paid ordinary shares to Western Areas Limited ("WSA") in exchange for WSA agreeing to not exercise its right of pre-emption under the Mt Alexander Project which allowed the Company to acquire the whole of the 75% interest of BHP Billiton Nickel West Pty Ltd in the Mt Alexander Project.

17 SHARE BASED PAYMENTS

- (i) The Company agreed and Shareholders approved at the Company's Annual General Meeting held on 27 November 2015 to allot and issue a total of 600,000 Class D Options and 600,000 Class E Options to Mr Timothy Hronsky and Mr Matthew McCarthy.

The terms and conditions of the options are detailed in the Notice of Annual General Meeting dated 27 October 2015.

Using the Black & Scholes option model and based on the assumption below, the D and E Options were ascribed the following value:

Class of Options	Number Options	Valuation Date	Market Price of Shares	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility (discount)	Indicative Value per Option
Class D Options	600,000	27.11.2015	\$0.07	\$0.30	28.11.2016	2.09%	110%	\$0.00640
Class E Options	600,000	27.11.2015	\$0.07	\$0.50	28.11.2017	2.09%	110%	\$0.01210

Of the above options granted, the following were issued to Mr Timothy Hronsky (key management personnel):

Grant Date	Class	Number
27 November 2015	Class D Unlisted Options	300,000
27 November 2015	Class E Unlisted Options	300,000

- (ii) The Company agreed to allot and issue a total of 1,000,000 Class C Options. 400,000 Class C Options were issued to Mr Timothy Hronsky (key management personnel) and 200,000 Class C Options were issued to Mr Travis Kerslake in November 2011. An additional 300,000 Class C Options were issued to Mr Travis Kerslake in November 2013. 100,000 Class C Options were issued to Mr McCarthy in March 2014.

The terms and conditions of the options are detailed in the ASX announcement dated 29 November 2013. 1,000,000 Class C Options expired unexercised on 28 November 2015.

- (iii) On 28 April 2014 the Company agreed to allot and issue a total of 979,525 unlisted options to RM Corporate and its nominees. The unlisted options were exercisable at \$0.30 on or before 30 June 2016. 979,525 Unlisted Options expired unexercised on 30 June 2016.
- (iv) On 2 September 2014 the Company agreed to allot and issue a total of 2,050,000 unlisted options to RM Corporate and its nominees. The unlisted options were exercisable at \$0.30 on or before 30 June 2016. 2,050,000 Unlisted Options expired unexercised on 30 June 2016.
- (v) On 25 May 2015 the Company agreed to issue up to 1,152,857 Listed Options, exercisable at \$0.20 on or before 30 June 2017, to brokers for services rendered in relation to the Company's placement completed in June 2015. Based on the assumption below, the listed options were ascribed the following value:

Class of Options	Number Options	Valuation Date	Market Price of Options	Exercise Price	Expiry Date
Listed Options	1,152,857	09.06.2015	\$0.03	\$0.20	30.06.2017

- (vi) On 2 November 2015 the Company agreed to issue 2,000,000 Listed Options, exercisable at \$0.20 on or before 30 June 2017, to brokers for services rendered in relation to the Company's placement completed in November 2015. Based on the assumption below, the listed options were ascribed the following value:

Class of Options	Number Options	Valuation Date	Market Price of Options	Exercise Price	Expiry Date
Listed Options	2,000,000	02.11.2015	\$0.03	\$0.20	30.06.2017

- (vii) On 1 April 2016 the Company issued 4,550,194 Listed Options, exercisable at \$0.20 on or before 30 June 2017, to brokers for services rendered in relation to the Company's placement completed in March 2016. Based on the assumption below, the listed options were ascribed the following value:

Class of Options	Number Options	Valuation Date	Market Price of Options	Exercise Price	Expiry Date
Listed Options	4,550,194	22.03.2016	\$0.02	\$0.20	30.06.2017

A summary of the movements of all the Company options issued as share based payments is as follows:

	Number	Weighted Average Exercise Price \$
Options outstanding as at 1 July 2014	4,029,525	0.283
Granted	3,202,857	0.264
Forfeited	-	-
Exercised	-	-
Expired	(2,050,000)	-
Options outstanding as at 1 July 2015	5,182,382	0.297
Granted	7,750,194	0.230
Forfeited	-	-
Exercised	-	-
Expired	(1,000,000)	-
Options outstanding as at 30 June 2016	11,932,576	0.245
Options exercisable as at 30 June 2016	11,932,576	-
Options exercisable as at 30 June 2015	5,182,382	-

The weighted average remaining contractual life of options outstanding at the year-end was 0.74 years (2015: 1.11 years). The weighted average exercise price of outstanding options at the end of the report period was \$0.245 (2015: \$0.297).

18 COMMITMENTS AND CONTINGENCIES

(a) Commitment

Mineral exploration commitments

The Group has the following minimum exploration expenditure requirements in connection with its exploration tenements.

	2016 \$	2015 \$
Not later than one year	523,338	622,234
Later than one year but not later than two years	-	-
	<u>523,338</u>	<u>622,234</u>

(b) Contingent liabilities and commitments

The Group fully owns two subsidiaries, Desert Fox Resources Pty Ltd and Blue Thunder Resources Pty Ltd, the main activities of which are exploration. The effect of these subsidiaries is to make the St George Mining owned subsidiaries contractually responsible for any transactions undertaken by the subsidiary. The parent entity has provided certain guarantees to third parties whereby certain liabilities of the subsidiary are guaranteed. The Group has not made guarantees to third parties at 30 June 2016.

19 EVENTS SUBSEQUENT TO BALANCE DATE

On 19 August 2016 pursuant to a private placement the Company issued 43,165,470 shares at \$0.15 per share with one (1) free attaching option exercisable at \$0.20 on or before 30 June 2017 for every five (5) shares applied for. The options are part of the option series that trade under ASX code SGQOA.

Except for the above no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

20 FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that the financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

2016	Note	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Weighted average interest rate
		\$	\$	\$	\$	%
Financial assets						
Cash and cash equivalents	16(a)	1,044,057	-	392,968	1,437,025	1.72%
Trade and other receivables	9(a)	-	-	66,786	66,786	-
Deposit	9(b)	-	-	20,000	20,000	-
Security bond		-	-	1,000	1,000	-
		1,044,057	-	480,754	1,524,811	-
Financial liabilities						
Trade and other payables	12	-	-	1,106,980	1,106,980	-
		-	-	1,106,980	1,106,980	-
2015						
2015	Note	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Weighted average interest rate
		\$	\$	\$	\$	%
Financial assets						
Cash and cash equivalents	16(a)	1,557,695	-	11,505	1,569,200	1.79%
Trade and other receivables	9(a)	-	-	97,728	97,728	NIL
Security bond		-	-	1,000	1,000	-
		1,557,695	-	110,233	1,667,928	-
Financial liabilities						
Trade and other payables	12	-	-	1,196,770	1,196,770	NIL
		-	-	1,196,770	1,196,770	-

Based on the balances at 30 June 2016 a 1% movement in interest rates would increase/decrease the loss for the year before taxation by \$10,440 (2015: \$15,577).

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any allowance for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

(c) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their respective net fair value and is determined in accordance with the accounting policies disclosed in note 2 to the financial statements.

(d) Financial Risk Management

The Group's financial instruments consist mainly of deposits with recognised banks, investment in bank bills up to 90 days, accounts receivable and accounts payable. Liquidity is managed, when sufficient funds are available, by holding sufficient funds in a current account to service current obligations and surplus funds invested in bank bills. The directors analyse interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The main risks the Group is exposed to is through its financial instruments is the depository banking institution itself, holding the funds, and interest rates. The Group's credit risk is minimal as being an exploration Company, it has no significant financial assets other than cash and term deposits.

(e) Foreign Currency Risk

The Group is not exposed to any foreign currency risk as at 30 June 2016.

(f) Market Price Risk

The Group is not exposed to market price risk as it does not have any investments other than an interest in the subsidiaries.

21 RELATED PARTIES

The Group has no related parties other than the 100% owned subsidiaries Blue Thunder Resources Pty Ltd and Desert Fox Resources Pty Ltd.

At 30 June 2016 balances due from the subsidiaries were:

Australian Dollar (\$)	30 JUNE 2016	30 JUNE 2015
	\$	\$
Blue Thunder Resources Pty Ltd	2,743,088	1,131,572
Desert Fox Resources Pty Ltd	15,830,354	10,993,802
	<u>18,573,442</u>	<u>12,125,374</u>

These amounts comprise of funds provided by the parent company for exploration activities.

22 SEGMENT REPORTING

For management purposes, the Group is organised into one main operating segment, which involves the exploration of minerals in Australia. All of the Group's activities are interrelated, and discrete financial information is reported to the Board as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

23 JOINT VENTURES

The Group recognises that joint ventures are a key mechanism for sharing of risk on individual exploration projects. Where appropriate for a particular project, the Group will consider a joint venture with a suitable party in order to share the exploration risk. Those funds otherwise set aside for the project will be employed to advance another project.

24 PARENT COMPANY DISCLOSURE

(a) Financial Position as at 30 June 2016

Australian Dollar (\$)	30 JUNE 2016 \$	30 JUNE 2015 \$
Assets		
Current assets	1,536,053	1,709,249
Non-current assets	34,431	37,579
Total assets	1,570,484	1,746,828
Liabilities		
Current liabilities	1,117,557	1,196,770
Non-current liabilities	-	-
Total liabilities	1,117,557	1,196,770
Net assets	452,927	550,058
Equity		
Issued capital	18,277,128	12,373,816
Reserves	352,841	222,933
Accumulated losses	(18,177,042)	(12,046,691)
Total equity	452,927	550,058

(b) Financial Performance for the year ended 30 June 2016

Australian Dollar \$	30 JUNE 2016 \$	30 JUNE 2015 \$
Profit (loss) for the year	(6,162,547)	(3,127,847)
Other comprehensive income	-	-
Total comprehensive income (loss)	(6,162,547)	(3,127,847)

(c) Guarantees entered into by the Parent Entity

The parent entity has not provided guarantees to third parties as at 30 June 2016.

25 NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting period commencing 1 January 2018)

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

The Directors anticipate that the adoption of AASB 9 will not have a material impact on the Group's financial instruments.

- AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with a customer;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosures regarding revenue.

The Directors anticipate that the adoption of AASB 15 will not have a material impact on the Group's revenue recognition and disclosures.

- AASB 16: Leases (applicable to annual reporting periods commencing on or after 1 January 2019).

AASB 16 removes the classification of leases as either operating leases or finance leases for the lessee effectively treating all leases as finance leases. Short term leases (less than 12 months) and leases of a low value are exempt from the lease accounting requirements. Lessor accounting remains similar to current practice.

The Directors anticipate that the adoption of AASB 16 will not have a material impact on the Group's recognition of leases and disclosures).

- AASB 2014-3: Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]

AASB 2014-3 amends AASB 11 Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business. The amendments require:

- (a) the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in AASB 3 Business Combinations, to apply all of the principles on business combinations accounting in AASB 3 and other Australian Accounting Standards except for those principles that conflict with the guidance in AASB 11
- (b) the acquirer to disclose the information required by AASB 3 and other Australian Accounting Standards for business combinations

This Standard also makes an editorial correction to AASB 11.

The Directors anticipate that the adoption of these amendments will not have a material impact on the financial statements.

- AASB 2014-9: Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements (AASB 2014-9 applies to annual reporting periods beginning on or after 1 January 2016. Early adoption permitted).

AASB 2014-9 amends AASB 127 Separate Financial Statements, and consequentially amends AASB 1 First-time Adoption of Australian Accounting Standards and AASB 128 Investments in Associates and Joint Ventures, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. AASB 2014-9 also makes editorial corrections to AASB 127.

The Directors anticipate that the adoption of these amendments will not have a material impact on the financial statements.

- Other standards not yet applicable

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions

In the opinion of the Directors of St George Mining Limited ("the Company")

- (a) The financial statements and the notes and the additional disclosures included in the directors' report designated as audited of the Group are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended that date; and
 - (ii) Complying with Accounting Standards and Corporations Regulations 2001, and:
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) The financial statements and notes comply with International Financial Reporting Standards as disclosed in note 2.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Board



John Prineas
Executive Chairman

Dated: 9 September 2016
Perth, Western Australia

9 September 2016

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

Dear Directors

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 audit of the financial statements of St George Mining Limited for the year ended 30 June 2016, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



Samir Tirodkar
Director

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

Report on the Financial Report

We have audited the accompanying financial report of St George Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of St George Mining Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 14 to 18 of the directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's Opinion

In our opinion the remuneration report of St George Mining Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International

Samir Tirodkar
Director



West Perth, Western Australia
9 September 2016

1 Distribution of holders

As at 9 September 2016 the distribution of shareholders was as follows:

Ordinary shares

Size of holding	Number of holders
1 – 1,000	74
1,001 – 5,000	226
5,001 – 10,000	400
10,001 – 100,000	1,199
100,001 and over	390
Total	2,289

2 Voting rights

There are no restrictions to voting rights attached to the ordinary shares. On a show of hands every member present in person will have one vote and upon a poll, every member present or by proxy will have one vote each share held.

3 Substantial shareholders

The company has no substantial shareholders who have notified the Company in accordance with Section 671B of the Corporation Act 2001.

4 Top 20 shareholders

The names of the 20 largest shareholders on the share register as at 9 September 2016, who hold 30.64% of the ordinary shares of the Company, were as follows;

Shareholder	Number
HSBC Custody Nominees (Australia) Limited	10,622,626
John Prineas	8,355,021
Impulzive Pty Ltd <Dawson Superannuation A/C>	8,354,990
Oceanic Capital Pty Ltd	7,000,000
Dr Victor Eugene Lee	4,278,435
AWD Consultants Pty Ltd <Stevens Super Fund A/C>	3,500,000
Mr Christopher Bell + Mrs Jennifer Bell <C & J Bell Super Fund A/C>	3,353,839
Western Areas Limited	3,200,000
Mrs Karen Dawson	3,144,470
Impulzive Pty Ltd <Dawson Super Fund A/C>	2,896,480
Citicorp Nominees Pty Limited	2,597,061
UBS Nominees Pty Ltd	2,651,910
Yarandi Investments Pty Ltd <Griffith Family No 2 A/C>	2,325,000
Ms Luciana Carla Da Silva	2,000,001
Northmead Holdings Pty Ltd	2,000,000
Mr Brendan James Warner	2,000,000
Mr George David Butkeraitis	1,885,000
Mr Jeremy James Coleman	1,614,540
Arredo Pty Ltd	1,500,000
Mr Paul Malcolm Koshy	1,488,485

5 Top 20 option holders

The names of the 20 largest option holders on the share register as at 9 September 2016, who hold 49.73% of the listed options of the Company, were as follows;

Shareholder	Number
Mr Michael Pereira <California Investment A/C>	3,021,044
Black Prince Pty Ltd <Black Prince Super Fund A/C>	3,000,000
HSBC Custody Nominees (Australia) Limited	2,476,852
Pathold No 77 Pty Ltd <Ackerman Super Fund A/C>	1,935,000
Bell Potter Nominees Ltd <2272984 A/C>	1,500,000
Mr Barry Lipscombe + Mrs Frances Lipscombe <Lipic Exec Benefit Fund A/C>	1,399,000
Mr Michael Benedict Cookson	900,000
UBS Nominees Pty Ltd	893,272
Mr John Prineas	835,502
Impulzive Pty Ltd <Dawson Superannuation A/C>	835,499
Mr Brendan James Warner	775,000
Mr Bruce Keenan	749,382
Mr Christopher Bell + Mrs Jennifer Bell <C & J Bell Super Fund A/C>	738,909
Mrs Karen Dawson	664,446
Mr Jason Dawkins	625,000
DDH1 Drilling Pty Ltd	571,428
Lipic Pty Ltd	528,888
Pershing Australia Nominees Pty Ltd <Accum A/C>	507,619
Mr Alban Horst Hasslinger <Jorjia Hasslinger A/C>	500,000
Impulzive Pty Ltd <Dawson Super Fund A/C>	490,972

6 Consistency with business objectives

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way the consistent with its stated objectives.

TENEMENT INFORMATION

St George Mining Limited mineral interests as at 9 September 2016

TENEMENT SCHEDULE – 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	100	N/A
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
E39/1565	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1572	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1601	Desert Fox Resources Pty Ltd	East Laverton Property	0	Relinquished
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	100	N/A
E39/1678	St George Mining Limited	Lake Minigwal Project	100	N/A
E39/1877	St George Mining Limited	Lake Minigwal Project	100	N/A

TENEMENT INFORMATION

TENEMENT SCHEDULE – MT ALEXANDER/HAWAII:

Tenement ID	Registered Holder	Location	Ownership (%)	Change in Quarter
E29/638	Blue Thunder Resources Pty Ltd	Mt Alexander	75	N/A
E29/548	Blue Thunder Resources Pty Ltd	Mt Alexander	100	N/A
ELA29/954	Blue Thunder Resources Pty Ltd	Mt Alexander	0	N/A
EL29/962	Blue Thunder Resources Pty Ltd	Mt Alexander	100	Granted
E36/741	Blue Thunder Resources Pty Ltd	Hawaii	100	N/A
ELA39/851	Blue Thunder Resources Pty Ltd	Hawaii	0	N/A

