

29 January 2016

**QUARTERLY ACTIVITIES REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2015**

**HIGHLIGHTS**

- **Major RC and diamond drilling programme of nickel sulphide targets at East Laverton**
- **Very strong off-hole electromagnetic (EM) conductor identified at Windsor from downhole EM surveys**
- **Maiden bedrock RC drilling programme at Hawaii Project**
- **Acquisition of 75% interest in the high grade nickel-copper sulphide Mt Alexander project from BHP Billiton**
- **Significant gold potential at East Laverton confirmed by technical reviews**

St George Mining Limited (ASX:SGQ) (“St George Mining”) is pleased to present its Quarterly Activities Report for the quarterly period ended 31 December 2015.

**EAST LAVERTON PROJECT**

**Major RC and Diamond Drilling Programme at East Laverton**

A major drilling campaign commenced at East Laverton on 5 October 2015, focused on testing priority nickel sulphide targets at Desert Dragon and Windsor.

Drilling was suspended on 18 December 2015 for the Christmas break, by which time 6,163m of RC (reverse circulation) drilling and 757.5m of diamond core drilling had been completed.

RC drill holes were completed at the following prospect areas – thirteen holes at Windsor, one hole at Windsor North, five holes at Desert Dragon Central, one hole each at Desert Dragon North, Cambridge and Cambridge North.

Two diamond holes were completed at Windsor and one at Desert Dragon Central. The diamond core is currently being cut for preparation of samples for laboratory assaying.

Downhole EM (DHEM) surveys were completed in a number of the holes. Final assay results and interpretation of the DHEM survey data are pending.

RC drilling resumed at East Laverton on 18 January 2016. For further details on drill targets in this first phase of the 2016 drilling campaign, see our ASX Release dated 19 January 2016 ‘*2016 Drilling Commences at East Laverton*’.

**Massive Nickel Sulphide Target at Windsor**

A very strong off-hole EM conductor was identified in drill hole WINRC016, and was modelled by Newexco as DHEM plate WINRC016\_v1 with a conductivity of 210,469 Siemens. Drill hole WINDD004 was completed in December 2015 to test this DHEM plate.

Preliminary modelling of the data from the DHEM survey in WINDD004 has identified a highly conductive off-hole EM anomaly around 95m downhole, indicating that WINDD004 passed close to the conductive source but did not intersect it.

The off-hole EM anomaly is modelled about 5 metres to the north of WINDD004, and between WINDD004 and WINRC016. Once final modelling of the EM data is completed, a drill hole will be designed to further test this massive nickel sulphide target as part of the next diamond drilling programme being planned for East Laverton.

### HAWAII PROJECT

A maiden bedrock drilling programme was carried out at the Hawaii Project, which has been recently acquired from BHP Billiton Nickel West Pty Ltd (“Nickel West”). Four RC drill holes were completed for 831m of drilling.

Reconnaissance aircore drilling by Nickel West at Hawaii, with average hole depths of 60m, intersected thick weathered ultramafics. The deeper drilling by St George intersected moderate MgO ultramafics in bedrock, confirming the presence of prospective komatiite ultramafics in the untested greenstone sequences.

Final assay results and interpretation of DHEM survey results are pending.

### MT ALEXANDER PROJECT

On 17 December 2015, St George announced that the Company had entered into a binding agreement with Nickel West to acquire the whole of Nickel West’s 75% interest in the Mt Alexander Project in Western Australia. For further details of the terms for the acquisition of the Mt Alexander Project, see our ASX Release dated 17 December 2015 “*New High Grade Nickel-Copper Sulphide Project*”.

This acquisition was completed on 28 January 2016. St George will be the Manager of the Project with Western Areas retaining a 25% non-contributing interest in the Project until there is a decision to mine.

In October 2015, St George completed the 100% acquisition of exploration licence E29/548 from Nickel West. This tenement is adjacent to exploration licence E29/638 – the tenement that hosts the Cathedrals Prospect and which is a joint venture between Western Areas (25%) and St George (75%).

High grade nickel-copper sulphides were discovered at the Cathedrals Prospect in 2008 with significant intersections including:

- **4m @ 4.9%Ni, 1.7%Cu and 3.9g/t total PGEs** from 91.4m in drill hole MAD12
- **3m @ 3.8%Ni, 1.6%Cu and 2.7g/t total PGEs** from 56.3m in drill hole MAD13

A multi-phase exploration programme, including drilling of massive nickel sulphide targets, is being planned for Mt Alexander and will be announced shortly.

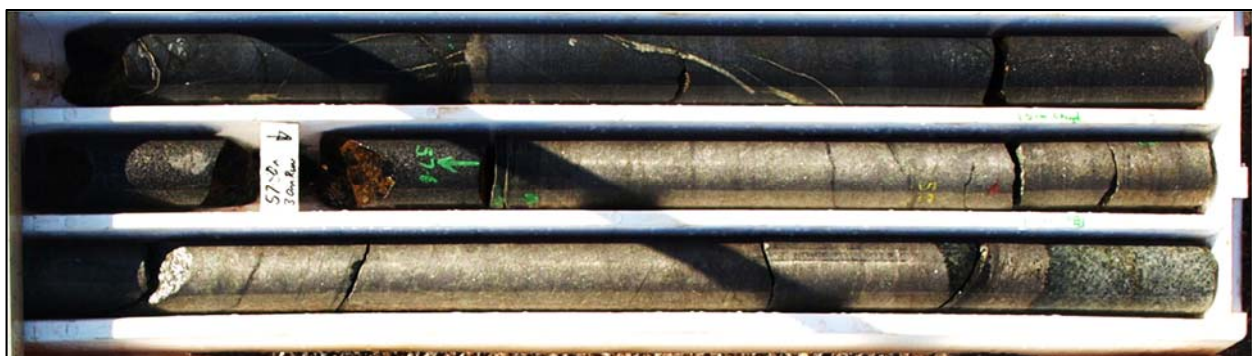


Figure 1 – high grade nickel-copper sulphides in komatiite ultramafic on contact with granite in MAD13. The interval highlighted in this photo recorded 1.4m @ 7.1%Ni, 3% Cu and 4.2g/t PGEs from 57.6m

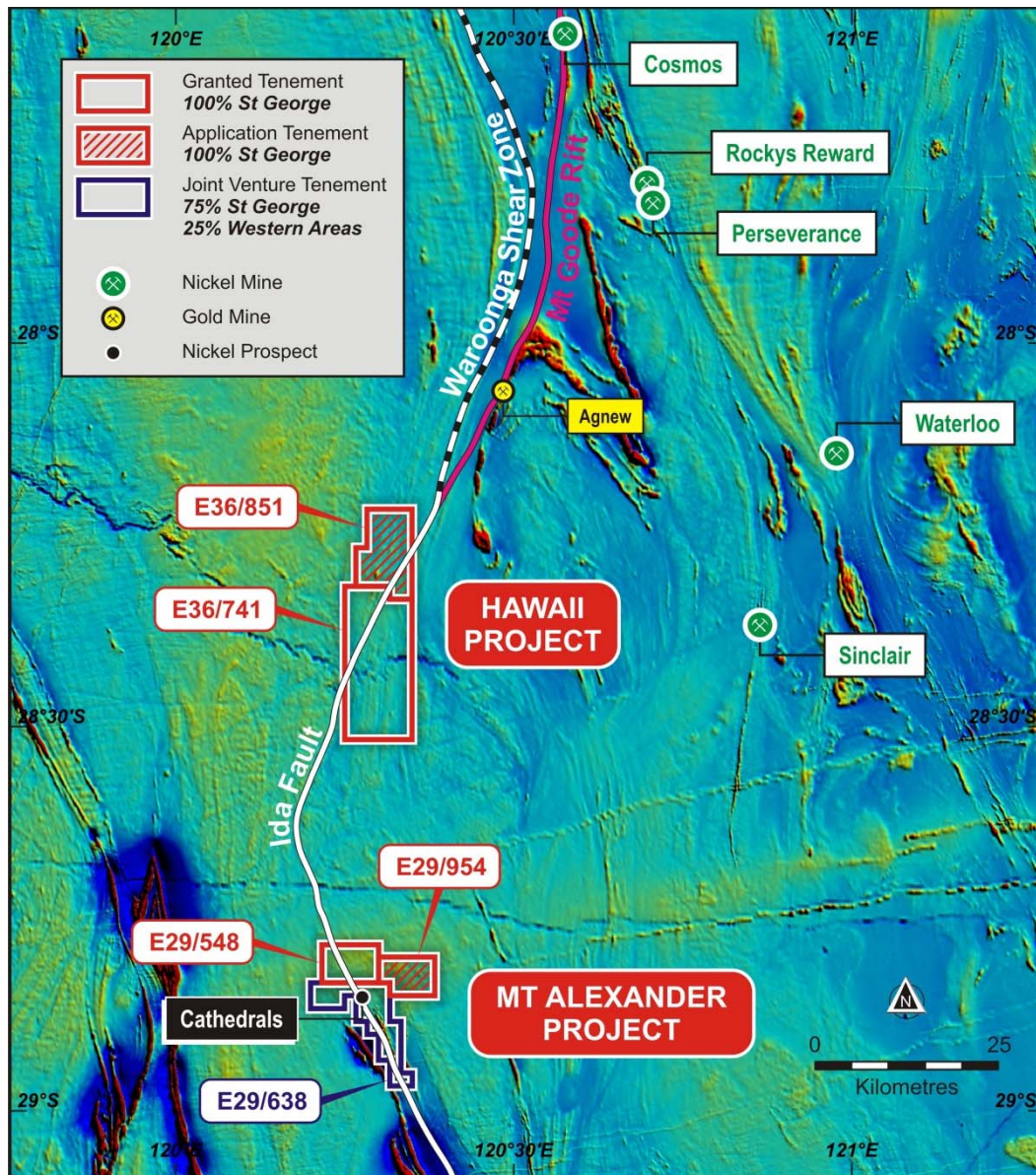


Figure 2 – a map showing the location of Mt Alexander Projects over TMI magnetics. The Hawaii Project was also recently acquired by St George from Nickel West

### SIGNIFICANT GOLD TARGETS AT EAST LAVERTON

A review of gold targets at East Laverton was completed by our technical team, in conjunction with Dr Jon Hronsky, Chairman of the Centre of Exploration Targeting in Western Australia who has been associated with a number of major gold discoveries in Western Australia.

Several high priority gold targets have been identified, including the Ascalon gold target on an area of the Minigwal greenstone belt that has never been drilled.

The gravity survey recently completed over the Minigwal belt has identified a curvilinear domain of high-gravity response that is interpreted as a major regional rift zone. A prominent deflection in the regional trend is highlighted by the gravity data, which may be an important control on gold mineralisation; see Figure 3.

A major gold-focused RC drilling programme is planned for early 2016. In conjunction with testing the Ascalon target, several other priority geological targets in the Stella Range and Central greenstone belts will be drill tested. All targets have anomalous gold intersections from previous limited drilling and the planned RC drill program will be an important milestone in establishing the regional gold potential at East Laverton.

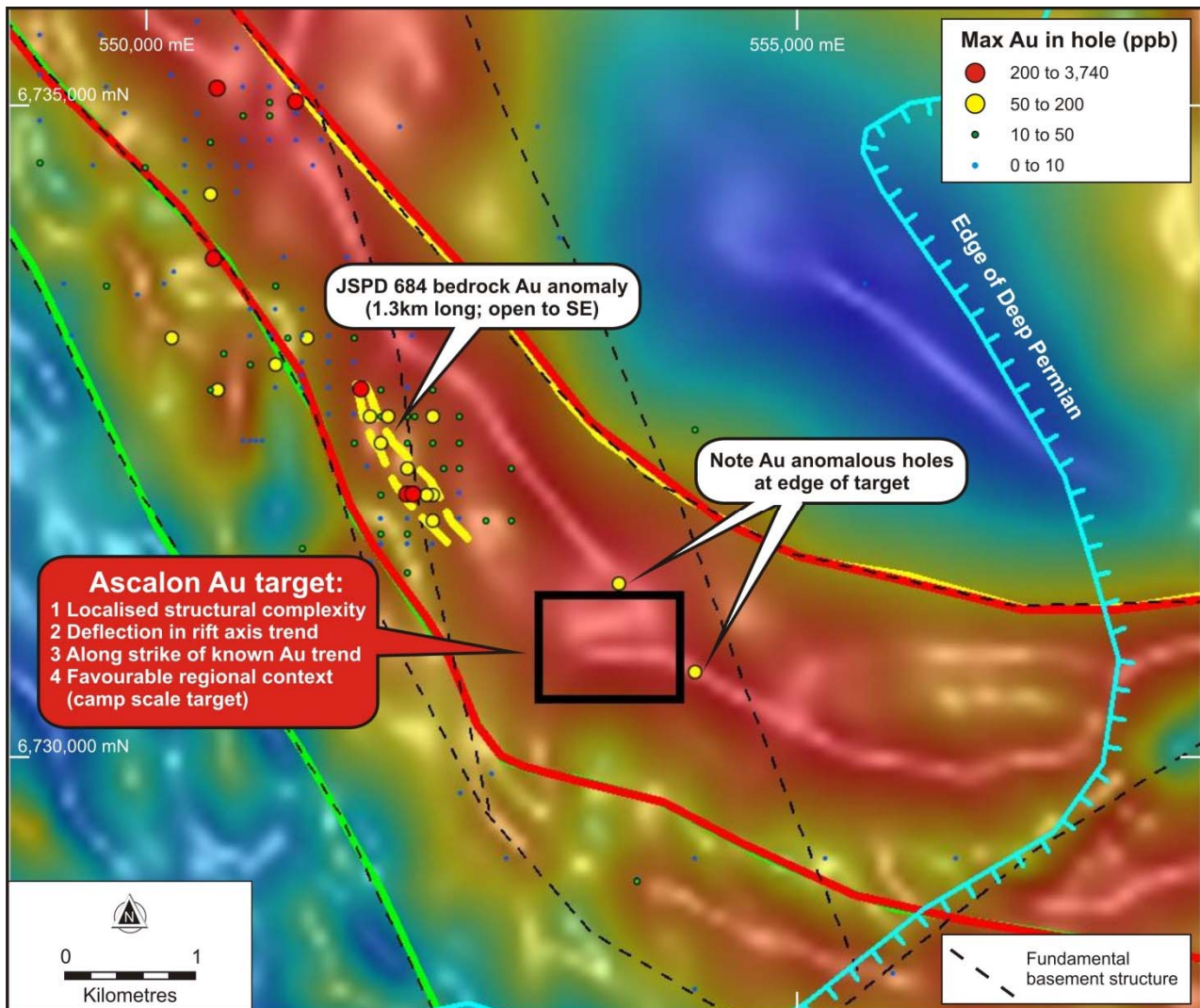


Figure 3 – the Ascalon target with its highly prospective features highlighted.

St George’s East Laverton Project is located within the Yilgarn Craton, a world class gold province with an endowment of over 300 million ounces of gold.

Figure 4 illustrates the major gold-bearing greenstone belts of the Yilgarn and highlights that the most recent large greenfields gold discoveries in Australia - the +8MozAu Tropicana deposit and the +5MozAu Gruyere deposit – are located near the eastern margin of the North Eastern Goldfields.

The East Laverton Project is also situated within this highly prospective but under-explored area of the North Eastern Goldfields.

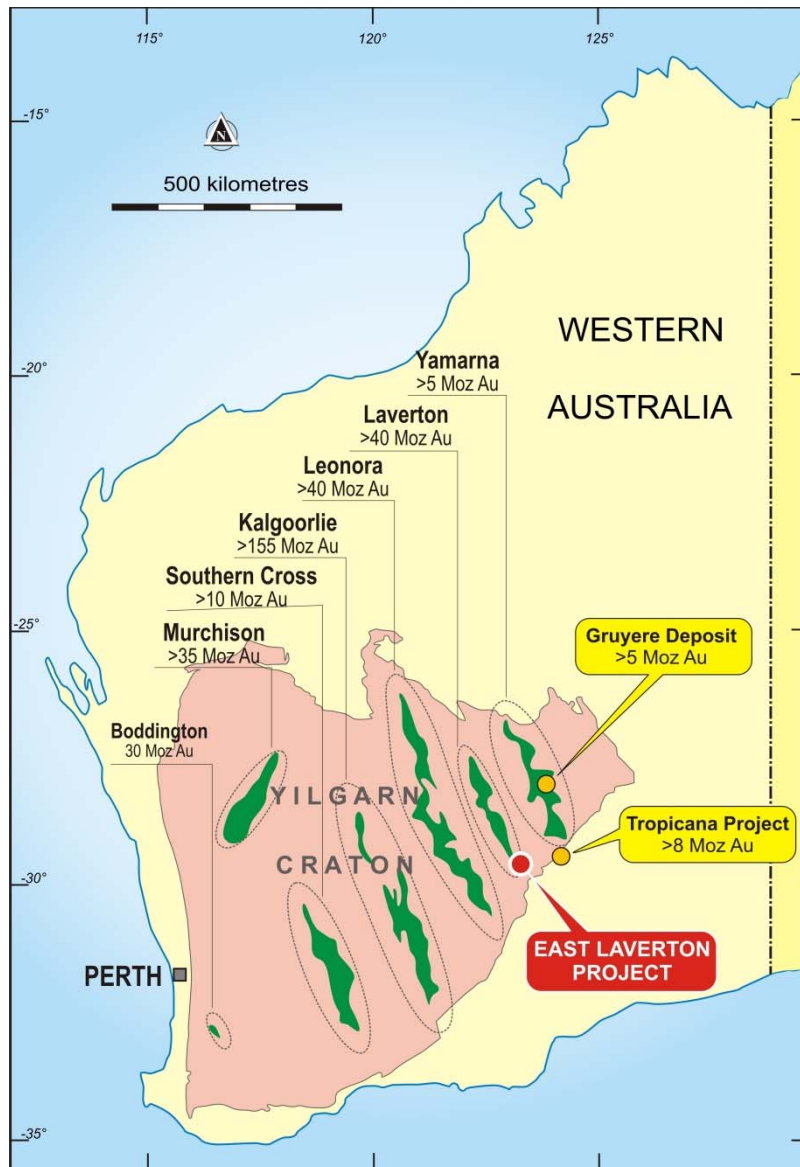


Figure 4 – the main gold-bearing greenstone belts of the Yilgarn Craton. The East Laverton Project is within the North Eastern Goldfields, along with major recent discoveries.

#### TENEMENT INFORMATION

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

#### East Laverton Project

St George Mining has 100% ownership of 28 granted Exploration Licences at the East Laverton Project.

### **Lake Minigwal Project**

St George Mining has 100% ownership of 3 granted Exploration Licences at the Lake Minigwal Project.

### **Mt Alexander Project**

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

### **Hawaii Project**

St George has 100% ownership of one granted exploration licence and one application for an Exploration Licence (E36/851) at the Hawaii Project.

## **CORPORATE UPDATE**

### **Oversubscribed Capital Raising**

During November 2015, St George completed a heavily oversubscribed capital raising.

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.

Following completion of the November 2015 placement and the issue of shares to Western Areas Limited, the Company has the following listed securities on issue:

Fully Paid Ordinary Shares	163,525,857
Listed Options exercisable at \$0.20 on or before 30 June 2017	32,172,494

### **Exploration Development Incentive**

St George has registered and been approved for the Exploration Development Incentive (EDI), a Federal Government initiative that will allow Australian resident shareholders to obtain a refundable tax offset for greenfield exploration undertaken by Australian junior exploration companies that do not derive any taxable income.

The EDI will enable St George to distribute to its resident Australian shareholders exploration credits that will entitle shareholders to a refundable tax offset.

A further announcement regarding this EDI tax offset available to St George shareholders for the 2015-16 tax year will be issued in due course.

**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 North 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](http://www.stgm.com.au):

- 11 September 2015 *High Quality Nickel Sulphide Targets at Windsor*
- 18 September 2015 *St George Acquires Nickel Sulphide Project*
- 29 September 2015 *St George Announces Nickel Sulphide Targets for Drilling*
- 6 October 2015 *Major Nickel Sulphide Drilling Campaign*
- 26 November 2015 *Significant Gold Potential at East Laverton*
- 7 December 2015 *High Impact Drilling at East Laverton*
- 18 December 2015 *Massive Nickel Sulphide Target at Windsor*
- 19 January 2016 *2016 Drilling Commences at East Laverton*
- 29 January 2016 *Acquisition of Mt Alexander Project Completed*

The Company confirms that it is not aware of any new information or data that materially affects the exploration results included in any original market announcements referred to in this report and that no material change in the results has occurred. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

**TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3**

Other than as detailed in the body of the Quarterly Activities Report and in the Table below, no tenements, in part or whole, were relinquished, surrendered or otherwise divested during the quarterly period ended 31 December 2015.

**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	100	N/A
E39/1608	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1666	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1667	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1722	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1779	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1852	Desert Fox Resources Pty Ltd	East Laverton Property	100	Granted on 16 Oct 15
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	Granted on 17 Nov 15



**MT ALEXANDER/HAWAII:**

<b>Tenement ID</b>	<b>Registered Holder</b>	<b>Location</b>	<b>Ownership (%)</b>	<b>Change in Quarter</b>
E29/638	Blue Thunder Resources Pty Ltd	Mt Alexander	75	Acquired on 28 Jan 2016
E29/548	Blue Thunder Resources Pty Ltd	Mt Alexander	100	Acquired on 1 Nov 2015
ELA29/954	Blue Thunder Resources Pty Ltd	Mt Alexander	0	N/A
ELA29/962	Blue Thunder Resources Pty Ltd	Mt Alexander	0	N/A
E36/741	Blue Thunder Resources Pty Ltd	Hawaii	100	Acquired on 1 Nov 2015
ELA39/851	Blue Thunder Resources Pty Ltd	Hawaii	0	N/A

## Appendix 5B

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

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

St George Mining Limited

ABN

21 139 308 973

Quarter ended ("current quarter")

31 December 2015

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(1,948)	(3,048)
(b) development	-	-
(c) production	-	-
(d) administration	(339)	(566)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – R&D Tax Incentive	-	1,326
Other - GST	102	47
<b>Net Operating Cash Flows</b>	<b>(2,181)</b>	<b>(2,235)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>

+ See chapter 19 for defined terms.

## Appendix 5B

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

1.13	Total operating and investing cash flows (carried forward)	(2,181)	(2,235)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares	1,810	2,310
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	(124)	(140)
<b>Net financing cash flows</b>		<b>1,686</b>	<b>2,170</b>
<b>Net increase (decrease) in cash held</b>		<b>(495)</b>	<b>(65)</b>
1.20	Cash at beginning of quarter/year to date	2,012	1,582
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>1,517</b>	<b>1,517</b>

#### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	134
1.24	Aggregate amount of loans to the parties included in item 1.10	-

#### 1.25 Explanation necessary for an understanding of the transactions

	\$'000
Directors fees and remuneration	105
Accounting, bookkeeping, corporate secretarial and general administrative services	29

#### Non-cash financing and investing activities

##### 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A
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+ See chapter 19 for defined terms.

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	450
4.2 Development	-
4.3 Production	-
4.4 Administration	150
<b>Total</b>	<b>600</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	34	14
5.2 Deposits at call	1,483	1,998
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,517</b>	<b>2,012</b>

+ See chapter 19 for defined terms.

## Appendix 5B

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

#### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	N/A	N/A	N/A
6.2	Interests in mining tenements and petroleum tenements acquired or increased	E39/1852 E39/1877 E29/638 E29/548 E36/741	0% 0% 0% 0% 0%	100% 100% 75% 100% 100%

#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	100	-	-	-
7.2				
	(a) Increases through issues	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-
7.3	160,025,857	160,025,857		
7.4				
	(a) Increases through issues	22,630,631	\$0.08	\$0.08
	(b) Decreases through returns of capital, buy-backs	-	-	-
7.5	-	-	-	-

+ See chapter 19 for defined terms.

**Appendix 5B**

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

7.6	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	<b>Options</b> <i>(description and conversion factor)</i>	31,172,494	32,172,494	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 30 Jun 2017
		3,029,525	-	\$0.30	30 Jun 2016
		600,000	-	\$0.30	28 Nov 2016
		600,000	-	\$0.50	28 Nov 2017
7.8	Issued during quarter	11,315,316	11,315,316	-	-
		600,000	-	-	-
		600,000	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	<b>Debentures</b> <i>(totals only)</i>	-	-		
7.12	<b>Unsecured notes</b> <i>(totals only)</i>	-	-		

### Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

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

Date: 29 January 2016

Print name: Sarah Shipway

### Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity and oil and gas exploration entity quarterly report**

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- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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