ASX / MEDIA RELEASE

13 March 2014

ST GEORGE IDENTIFIES FURTHER STRONG EM CONDUCTORS AT EAST LAVERTON

HIGHLIGHTS:

- **Category One EM conductors identified by down-hole electromagnetic (DHEM) survey at Desert Dragon**
- **Modelling of EM conductors confirms discrete targets within magnetic highs**
- **Drilling at Desert Dragon confirms potential of nickel sulphide prospect**
- **Drill testing of EM conductors planned for next drill campaign**

STRONG DHEM CONDUCTORS ARE PRIORITY DRILL TARGETS

St George Mining Limited (ASX: **SGQ**) ('St George Mining' or 'the Company') is pleased to announce that analysis and modelling of down-hole electromagnetic (DHEM) anomalies at the Desert Dragon prospect at the Company's 100% owned East Laverton Property in Western Australia has identified two strong EM conductors.

These are in addition to the strong EM conductor identified at Desert Dragon North, and announced in our ASX Release dated 24 February 2014 *'St George Identifies Exceptional EM Conductor at Desert Dragon North'.*

A DHEM survey was carried out at each of the three diamond drill holes completed late last year at the Desert Dragon nickel prospect. The survey identified EM anomalies in two of the holes, DDD001 and DDD002, which warranted further interpretation and modelling.

Newexco, the Company's geophysical adviser, has rated these conductors as Category One targets and recommended test drilling.

The source of the conductance of each EM conductor is a discrete short-strike EM response located within a large TMI magnetic anomaly (see Figures 1 and 3). The magnetic response is consistent with the thick sequences of olivine cumulate ultramafic rock encountered in the drilling at Desert Dragon, which were in contact with sulphur-rich felsic sediments in the footwall. This is a potentially favourable setting for massive sulphide mineralisation, and supports the rating of the EM conductors as high quality drill targets.

The significant nickel sulphide potential of the EM conductors is highlighted by their proximity to the nickel sulphide intersection in the nearby drill hole DRAC35 (18m @ 0.40% Ni from 100m).

Modelling of the EM Conductors

Each of holes DDD001 and DDD002 recorded anomalous EM responses at 130m. Modelling of the two responses indicated they have similar conductive properties, suggesting that this conductive horizon is likely to extend between holes DDD001 and DDD002 – which are approximately 270 m apart.

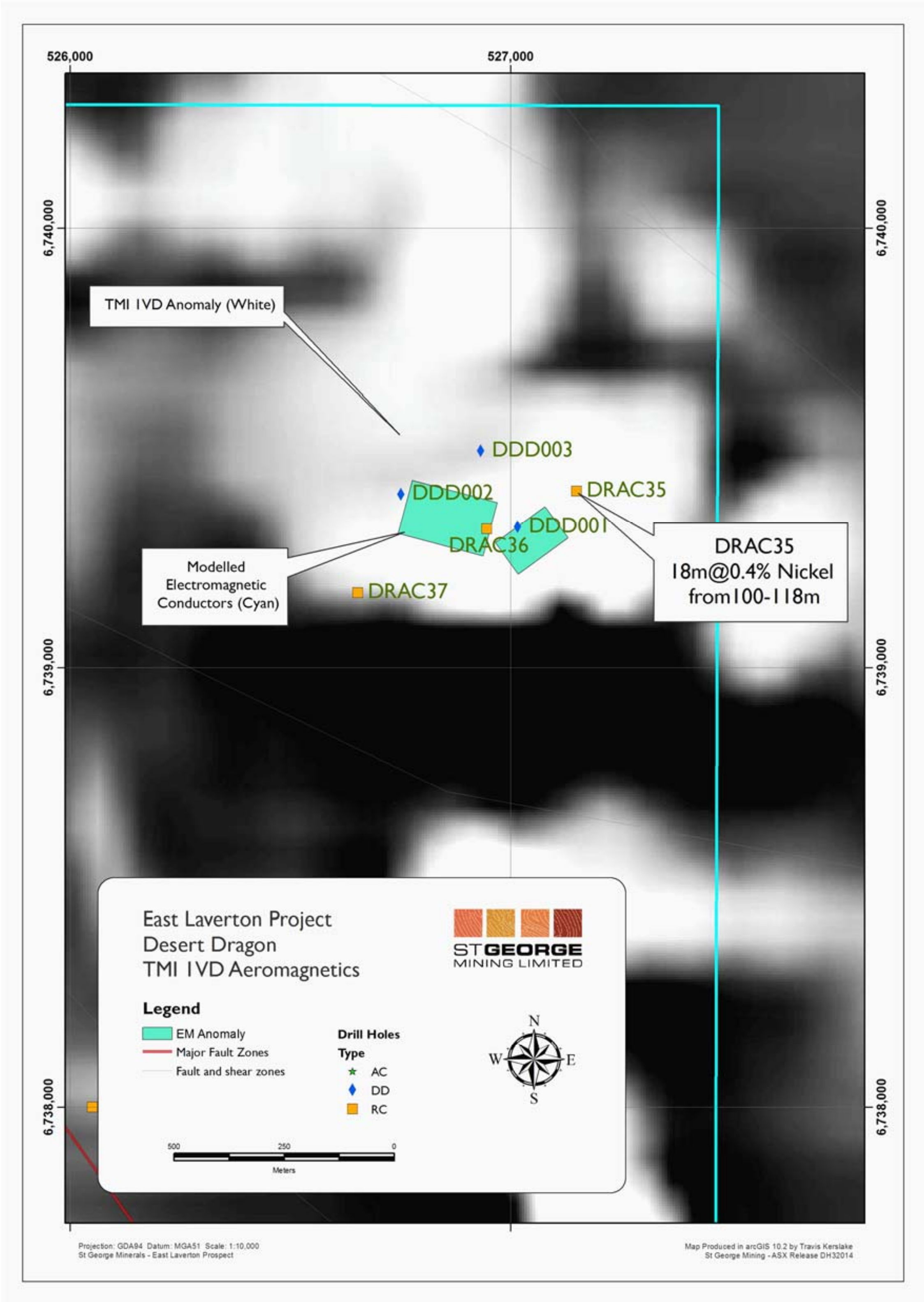


Figure 1 – the new EM conductors are co-incident with a strong magnetic anomaly identified by the Total Magnetic Intensity First Vertical Derivative (1VD) survey. These areas of magnetic highs are thick ultramafic sequences with potential for accumulation of massive sulphides.

Figure 2 illustrates the modelling of the two EM conductors by Newexco. They are modelled as bedrock conductors with a geophysical signature that is permissive of massive nickel sulphide nickel mineralisation.

DDD001 recorded an on-hole response at 130m which implies the source is positioned below and to the right of the hole. Decay curve analysis indicates a time-constant of 45 ms. The modelled plate has dimensions of approximately 90 m x 170 m. The oblong geometry means the bulk of the source is below the hole.

In DDD002, a strong off-hole conductor was recorded at 130 m down hole. Decay curve analysis indicates a time-constant of 66 ms. The signature of the response indicates the source is centred below and to the right of the hole (facing north) and points back toward DDD001.

The total source dimensions are approximately 300 m x 150 m. The short strike length of the target conductor is distinct from the long, continuous strike of conductive plates that are usually associated with sulphide-rich sediments.

The DHEM survey also recorded very high amplitude responses in both holes at around 320 m. These responses are interpreted to be attributable to sulphide-rich sediments and do not warrant follow-up testing.

Re-commencement of Drill Campaign
Newexco has designed two diamond core holes to test the new EM conductors at Desert Dragon. Figure 2 includes an illustration of the planned holes, DH1 and DH2.

The Company intends to re-commence its drilling programme shortly, and test drilling of these EM conductors will be part of this campaign.

John Prineas, Executive Chairman of St George Mining said:
"The identification of EM conductors at Desert Dragon, in addition to the outstanding EM conductor announced last week at Desert Dragon North, continues to highlight the significant nickel potential of the prospects at our East Laverton property.

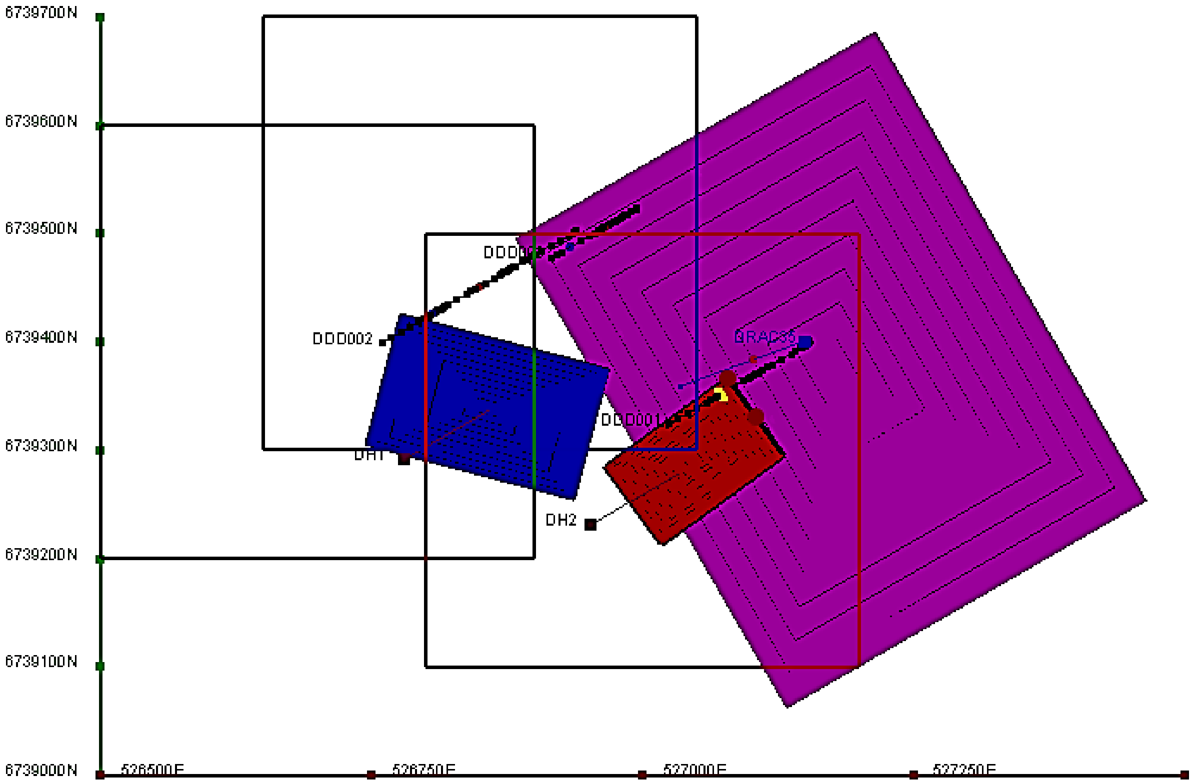
"What is also exciting is that the moving loop EM survey at the Stella Range belt is still ongoing, and we expect this to provide us with further high priority EM targets to test."

Figure 3 illustrates the EM conductors at Desert Dragon and Desert Dragon North, and highlights their favourable location within strong magnetic anomalies.

DRILLING CONFIRMS POTENTIAL OF NICKEL SULPHIDE PROSPECT
St George completed 3 diamond drill holes at the Desert Dragon nickel prospect late last year for 958 m drilled. The laboratory assays for the first two holes, DDD001 and DDD002, have been received and the assays for DDD003 are still pending. A plan view of the drill holes is shown in Figure 1.

Although DDD001 and DDD002 did not encounter nickel sulphides at a level comparable to DRAC35, the drill holes were very effective in narrowing the prospective search area at Desert Dragon to the DHEM anomalies and to the area south of DRAC35 and DDD001.

Drill hole DRAC35 was completed in 2012 as part of the previous Project Dragon farm-in arrangement. The hole intersected a thick zone of disseminated nickel sulphides - 18m @ 0.40% Ni (100m-118m) with higher grade intervals of 4m @ 0.57% Ni (100m – 104m) and 2m @ 0.51% Ni (112m – 114m) (see Table 1).



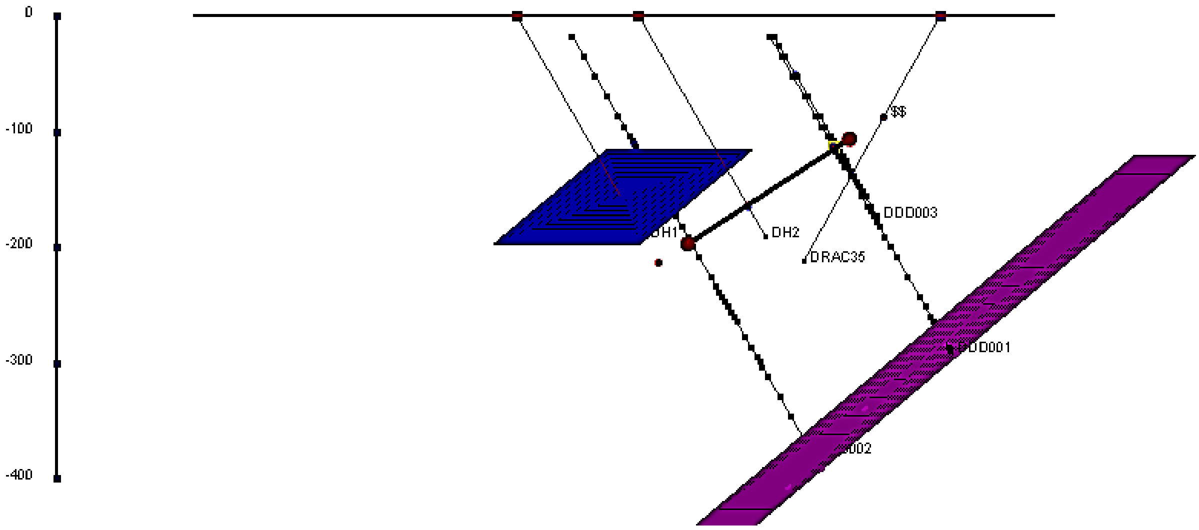


Figure 2 – the Desert Dragon DHEM viewed from above (top image) and east-south east (bottom image). The red and blue plates model the off-hole conductors in DDD001 and DDD002 respectively. Proposed holes DH1 and DH2 are designed to test these conductors. The purple plate is the approximate position of the deep conductive sediment. In the plan image, the squares represent the transmitter loops on the surface. Readings were taken from end of hole at 20m stations reducing to 5m stations around peaks and cross-overs.

An anomalous margin of fine magmatic PGE-bearing sulphides surrounds the disseminated nickel sulphide zone of DRAC35 with an average 55 ppb Pd+Pt (Platinum + Palladium). This is a favourable indicator for the presence of magmatic nickel sulphide mineralisation.

DDD001 was drilled to the south-west of DRAC35 and appears to have intersected channel flow ultramafic, as indicated by zones of Nickel/Chrome (Ni/Cr) ratios >1. DDD001 also had intervals of rocks with PGE (Platinum Group Element) enrichment, with Palladium/Platinum (Pd/Pt) ratios >1, and several coincident spikes of high Pd+Pt values. DDD001 has intersected an area of anomalous area of PGE enrichment, which may be linked to similar magmatic sulphides in the nearby DRAC35 hole.

DDD002 was drilled approximately 270 m to the north-west of DDD001 and does not have comparable levels of channel flow ultramafic and magmatic sulphides.

This suggests DDD002 lies further away from the targeted zone for nickel sulphide mineralisation.

Very high sulphur levels were recorded in DDD001 with sulphur values over 50,000ppm. Sulphur is critical to the formation of nickel sulphide mineralisation, and this may be sourced from sulphide-rich sediments which are present at Desert Dragon.

The geological logs for DDD001 indicate an interval of fine grained meta-sediment with sulphides from 123m to 140m, and this was supported by the assays which showed high sulphur levels (+50,000ppm) over this interval with low nickel values (below 0.01% Ni). The nearby RC drill hole DRAC36 was drilled in 2012 and intersected two thick sulphidic units at 54m to 76m and 136m to 144m.

These occurrences of sulphidic sediment may explain the on-hole DHEM anomaly identified in DDD001. They do not account for the strong off-hole anomaly identified in DDD002 and this remains a high rated target that warrants drill testing.

The nickel sulphide interval in DRAC35 (18m @ 0.40% Ni from 100m) is interpreted to be adjacent to the plane of the EM conductors identified at Desert Dragon. This is significant in assessing the nickel potential of the target as disseminated nickel sulphides of the kind encountered by DRAC35 can often form in a peripheral position to a massive nickel sulphide body.

Figures 4 and 5 contain cross sections for the drill holes, and highlight the area likely to be the more prospective for massive nickel sulphides.

The diamond drilling has assisted with the geological interpretation of the area with valuable structural information confirming the dip and strike of the ultramafic sequences. This will assist with future drill hole planning at Desert Dragon.

The disseminated nickel sulphides and associated PGE anomalism intersected by DRAC35 established the nickel potential of Desert Dragon. This potential is now enhanced by the recent diamond drilling that intersected additional PGE enrichment and identified strong EM conductors within favourable ultramafic cumulate rocks.

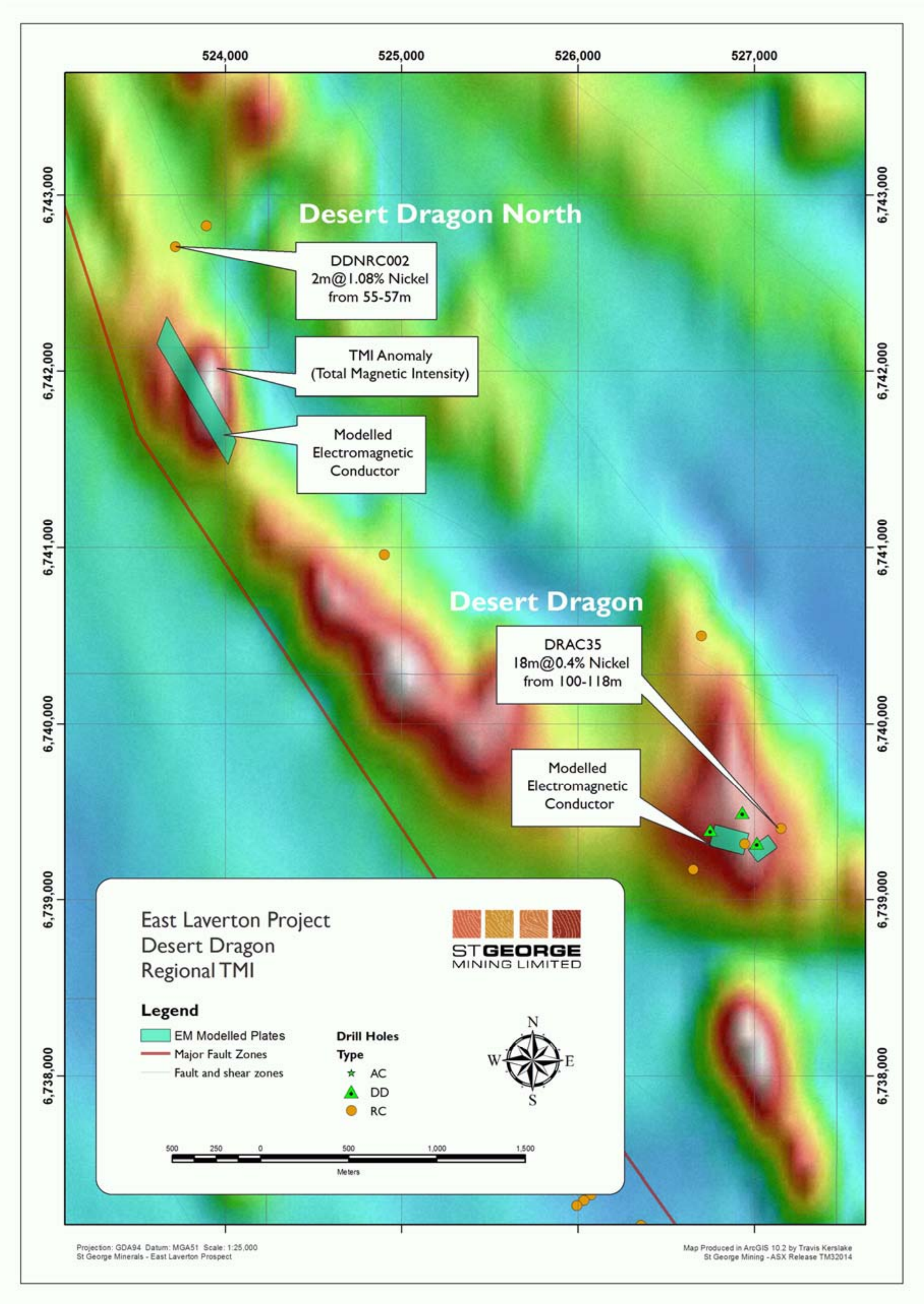


Figure 3 – the EM conductors at Desert Dragon and Desert Dragon North are shown against TMI (RGB) magnetics. The conductors are within strong magnetic anomalies, a favourable location for massive sulphide mineralisation.

HOLE ID	NORTHING (m)	EASTING (m)	DIP (deg)	AZM (deg)	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	Ni (%)	Cu (ppm)	Pt+Pd (ppb)
DRAC35	6739401	527150	-60	250	244	100	118	18	0.40	342	197
						100	104	4	0.57	366	294
						112	114	2	0.51	584	281

Table 1- Details of the nickel sulphide intersection in DRAC 35

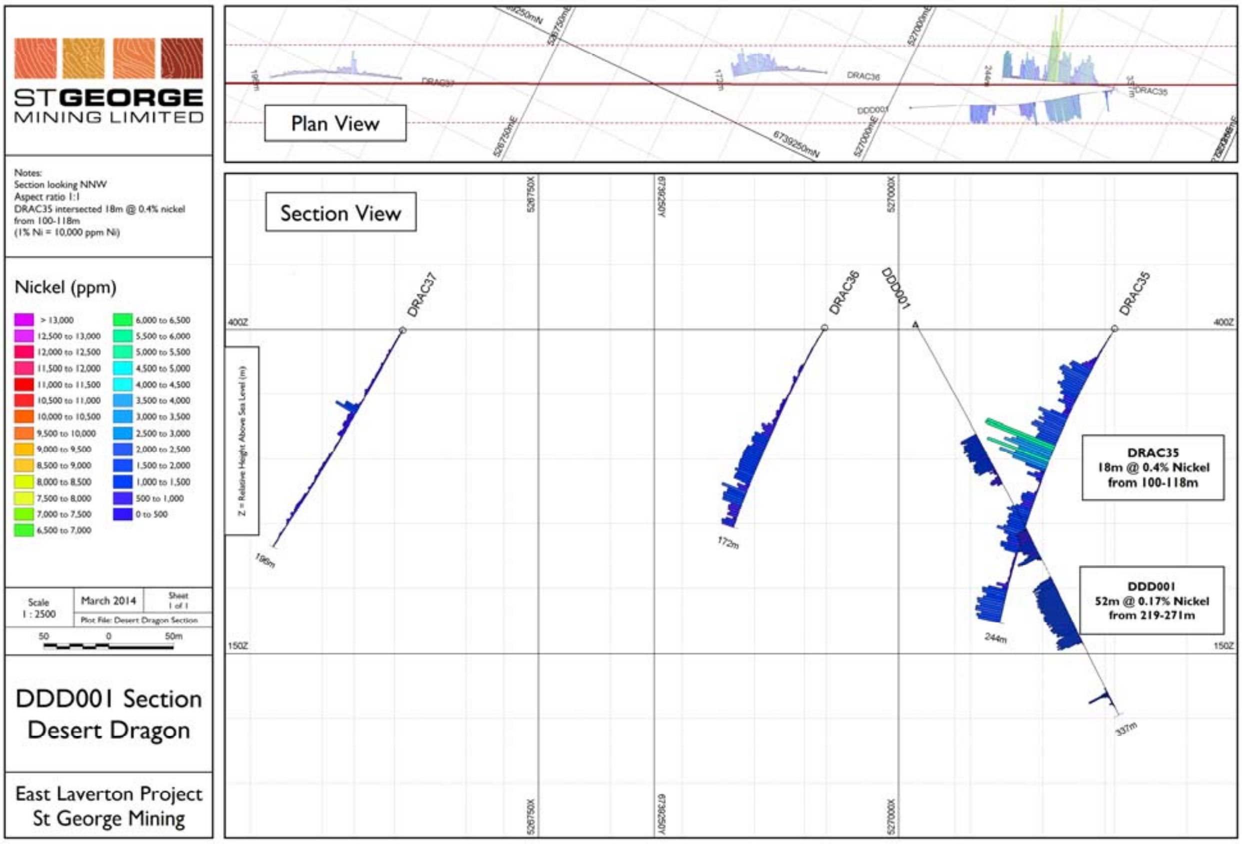


Figure 4 – a cross section of DDD001 and nearby drill holes highlighting the prospective zone around DRAC35 and DDD001. The top image is a plan view (view from above) and the bottom image is the vertical cross section of the drill holes.

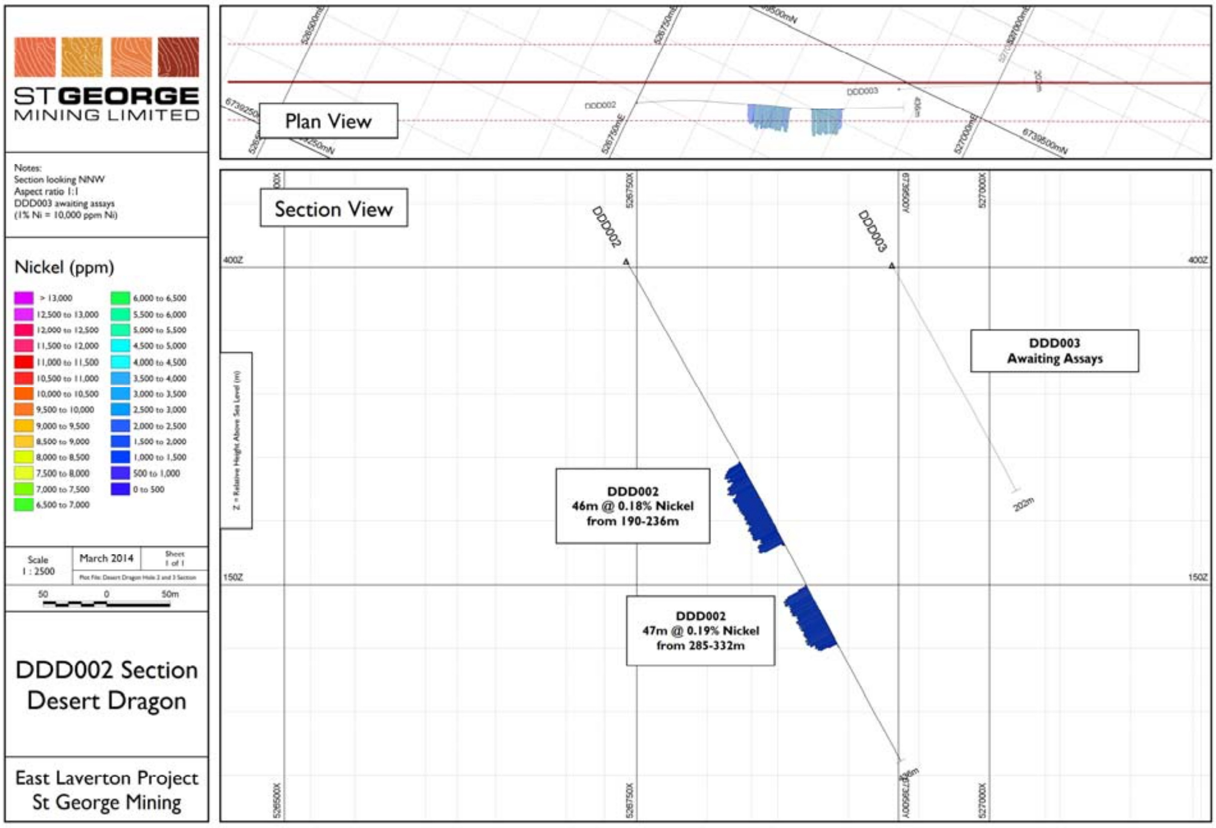


Figure 5 – a cross section of DDD002 which highlights the thick ultramafic units intersected. The top image is a plan view (view from above) and the bottom image is the vertical cross section of the drill holes.

HOLE ID	NORTH (m)	EAST (m)	DIP (deg)	AZM (deg)	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	Ni (%)	Cu (ppm)	Pt+Pd (ppb)
DDD001	6739319	527016	-60	060	336.9	219	271	52	0.17	22.5	24.4
DDD002	6739394	526751	-60	060	436	190	236	46	0.18	11.6	7.2
						285	332	47	0.19	8.9	6.1

Table 2 - Details of significant intersections in the favourable ultramafic sequences encountered by drill holes DDD001 and DDD002 (cut off = 0.15% nickel).

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Competent Person Statement:

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Timothy Hronsky, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Hronsky is employed by Essential Risk Solutions Ltd which has been retained by St George Mining Limited to provide technical advice on mineral projects.

Mr Hronsky has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hronsky consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in any original market announcements referred to in this report, and that all material assumptions and technical parameters underpinning the announcements continue to apply and have not materially changed. 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.

The information in this announcement that relates to Exploration Results and Mineral Resources as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' is based on information compiled by Mr Hronsky. Mr Hronsky is a member of the Australasian Institute of Mining and Metallurgy has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking. This qualifies Mr Hronsky as a "Competent Person" as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hronsky consents to the inclusion of information in this announcement in the form and context in which it appears.

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

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections)

Criteria	JORC Code explanation	Commentary
Sampling techniques	*Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.*	*The Desert Dragon nickel prospect was sampled using diamond core drilling. A total of 3 holes were completed.* *The core is removed from the drill rig and laid out for initial analysis in the field. The core is measured and marked up at 1m intervals against the drillers blocks, which are themselves checked against the drillers log books where required. The visible structural features on the core are measured against the core-orientation lines.* *Onsite XRF analysis is conducted using a hand-held Olympus Innov-X Spectrum Analyser. The XRF analysis is used to systematically review diamond drill core, with a single reading taken every metre, except in the case of core loss. These results are only used for onsite interpretation and preliminary base metal assessment subject to final geochemical analysis by laboratory assays.* *The sections of the core that are selected for assaying are marked up and recorded on a "cut-sheet" which provides a control on the intervals that will be cut and sampled at a duly certified assay laboratory, SGS Laboratories. Core is prepared for analysis at 1m intervals or at lesser intervals of geological significance. Core is cut in half lengthways and then numbered samples are taken as per the "cut-sheet".* *Diamond core provides high quality samples that are logged for lithological, structural, geotechnical, density and other attributes. Sampling is carried out under QAQC procedures as per industry best practice.* *A down-hole electromagnetic (DHEM) survey was conducted on each diamond core hole at Desert Dragon. The DHEM survey was designed and managed by Newexco, with field work contracted to Bushgum Holdings Pty Ltd.* *Key specifications of the DHEM survey are:* *System: Atlantis (analogue)* *Components: A, U, V* *Component direction:* • *Ba – Parallel to hole axis, positive up hole.* • *Bu – Perpendicular to hole axis: toward 12 o' clock when looking down hole.* • *Bv – Perpendicular to hole axis: toward 9 o' clock when looking down hole.*
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	*For drill samples, certified sample standards were added as every 25th sample. Core recovery calculations are made through a reconciliation of the actual core and the driller's records. Downhole surveys of dip and azimuth were conducted using a single shot camera every 30m to detect deviations of the hole from the planned dip and azimuth. The drill-hole collar locations were recorded using a hand held GPS, which has an accuracy of +/- 5m. At a later date the drill-hole collar will be surveyed to a greater degree of accuracy.* *For the DHEM survey, the polarity of each component was checked to ensure the system was set up using the correct component orientations. The hole position was corrected for trajectory using orientation survey data.*

Criteria	JORC Code explanation	Commentary
	Aspects of the determination of mineralisation that are Material to the Public Report. *In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	*Diamond core was drilled with HQ and NQ2 size and sampled as half core to produce a bulk sample for analysis. Intervals varied from 0.3 – 1m maximum and were selected with an emphasis on geological control.* *Assays were completed at SGS Laboratories in Perth. Samples are sent to SGS where they are crushed to 6 mm and then pulverised to 75 microns. A 30 g charge of the sample is fire assayed for gold, platinum and palladium. The detection range for gold is 1 – 2000 ppbAu, and 0.5 – 2000 ppb for platinum and palladium. This is believed to be an appropriate detection level for these elements within this specific mineral environment. However, should Au, Pt or Pd levels reported exceed these levels an additional assay method will be used to re-test samples.* *All other metals will be analysed using an acid digest and an ICP finish. The sample is digested with nitric, hydrochloric, hydrofluoric and perchloric acids to effect as near to total solubility of the sample as possible. The solution containing samples of interest, including those that need further review, will then be presented to an ICP-OES for the further quantification of the selected elements.*
Drilling techniques	*Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	*The collars of the diamond holes were drilled using a rotary drilling method down through the regolith to the point of refusal. The hole was then continued using HQ diamond core until the drillers determined that a change to NQ2 coring was required.* *The core is oriented and marked by the drillers. The core is oriented using ACT Mk II electric core orientation.*
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	*Diamond core recoveries/core loss were recorded during drilling and reconciled during the core processing and geological logging. No significant sample recovery problems are thought to have occurred in any holes drilled during the Desert Dragon diamond drilling program. There was a notable and consistent competency encountered in the rocks during drilling.*
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	*Depths are checked against the depth on the core blocks and rod counts are routinely carried out by the drillers. Core loss was recorded by St George geologists and sampling intervals were not carried through core loss.*
	Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	*To date, no detailed analysis to determine the relationship between sample recovery and grade has been undertaken for this diamond drill program.* *This program is a preliminary exploration program to identify nickel sulphides and massive sulphide conductors. The use of diamond drilling capturing whole rock cores reduces errors associated with varying size fraction loss of the sample. Very competent rocks have been recovered to date.* *The nature of magmatic sulphide distribution hosted by the competent and consistent rocks hosting any mineralised intervals are considered to significantly reduce any possible issue of sample bias due to material loss or gain.*
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	*Geological logging was carried out on all diamond drill holes, with lithology, alteration, mineralisation, structure and veining recorded.*

Criteria	JORC Code explanation	Commentary
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	*Logging of diamond core recorded lithology, mineralogy, mineralisation, structures, weathering, colour and other noticeable features. Core was photographed in both dry and wet form.*
	The total length and percentage of the relevant intersections logged.	*All drill holes were geologically logged in full and detailed litho-geochemical information was collected by the field XRF unit. The data relating to the elements analysed is used to determine further information regarding the detailed rock composition.*
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	*The HQ and NQ2 core will be cut in half length ways by SGS Laboratories in Kalgoorlie using an automatic core saw. All samples will be collected from the same side of the core. The half-core samples will be submitted for analysis.*
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	*The rotary collar for the diamond hole was restricted to the limited upper transported layer and a lower weathered layer. The collar was established with a tri-cone PQ sized bit and no sampling was possible for these pre-core intervals.*
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	*Diamond core was drilled with HQ and NQ2 size and sampled as complete half core to produce a bulk sample for analysis. Intervals selected varied from 0.3 – 1m (maximum) with a strong geological control (as is possible in diamond core) to ensure grades are representative, i.e. remove any bias through projecting assay grades beyond appropriate geological boundaries.* *Assay preparation procedures ensure the entire sample is pulverised to 75 microns before the sub-sample is taken. This removes the potential for the significant sub-sampling bias that can be introduced at this stage.*
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	*Drill core is cut in half lengthways and the total half-core submitted as the sample. This meets industry standards where 50% of the total sample taken from the diamond core is submitted. The percentage of the diamond core significantly exceeds the portion of sample taken from other drilling methods like RC drilling.*
	Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.	*The retention of the remaining half-core is an important control as it allows assay values to be determined against the actual geology; and where required a quarter core sample may be submitted for assurance. No resampling of quarter core or duplicates has been done at this stage of the project.*
	Whether sample sizes are appropriate to the grain size of the material being sampled.	*The sample sizes are considered to be appropriate to correctly represent the sulphide mineralisation at Desert Dragon based on: the style of mineralisation (massive and disseminated sulphides), the thickness and consistency of the intersections and the sampling methodology.*
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	*A 30 gram sample will be fire assayed for gold, platinum and palladium. The detection range for gold is 1 – 2000 ppbAu, and 0.5 – 2000 ppb for platinum and palladium. This is believed to be an appropriate detection levels for the levels of these elements within this specific mineral environment. However, should Au, Pt or Pd levels reported exceed these levels; an alternative assay method will be selected.* *All other metals will be analysed using an acid digest and an ICP finish. The sample is digested with nitric, hydrochloric, hydrofluoric and perchloric acids to effect as near to total solubility of the sample as possible. The solution containing samples of interest, including those that need further review, will then be presented to an ICP-OES for the further quantification of the selected elements.*

Criteria	JORC Code explanation	Commentary
	For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.	*A handheld XRF instrument (Olympus Innov-X Spectrum Analyser) was used to systematically analyse the drill core onsite. Reading time was 60 seconds. The instruments are serviced and calibrated at least once a year. Field calibration of the XRF instrument using standards is undertaken each day.* *For the DHEM survey, specifications and quality control measures are noted above.*
	Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.	*Laboratory QAQC involves the use of internal lab standards using certified reference material, blanks, splits and replicates as part of in house procedures. The Company will also submit an independent suite of CRMs, blanks and field duplicates (see above).*
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	*Significant intersections in diamond core have been verified by the Company's Technical Director and Consulting Field Geologist.*
	The use of twinned holes.	*No twinned holes have been completed at Desert Dragon.*
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	*Geological data was collected using handwritten log sheets and imported in the field onto a laptop detailing geology (weathering, structure, alteration, mineralisation), sampling quality and intervals, sample numbers, QA/QC and survey data. This data, together with the assay data received from the laboratory and subsequent survey data was entered into the Company's database.*
	Discuss any adjustment to assay data.	*No adjustments or calibrations will be made to any primary assay data collected for the purpose of reporting assay grades and mineralised intervals. For the geological analysis, standards and recognised factors may be used to calculate the oxide form assayed elements, or to calculate volatile free mineral levels in rocks.*
Location of data points	*Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.*	*Drill hole collar locations are determined using a handheld GPS with an accuracy of +/- 5m. Drill hole collars will be preserved and surveyed to a greater of accuracy after the drilling programme.* *Down hole surveys of dip and azimuth were conducted using a single shot camera every 30m to detect deviations of the hole from the planned dip and azimuths.*
	Specification of the grid system used.	*The grid system used is GDA94, MGA Zone 51.*
	Quality and adequacy of topographic control.	*Best estimated RLs were assigned during drilling and are to be corrected at a later stage.*
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	*The diamond drill program involves 3 planned holes in a triangular grid. See the body of the ASX Release for hole co-ordinates.*
	Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.	*Exploration is at the reconnaissance stage. Mineralisation at Desert Dragon has not yet demonstrated to be sufficient in both geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications to be applied.*
	Whether sample compositing has been applied.	*Samples are taken at one metre lengths, and adjusted where necessary to reflect local variations in geology or where visible mineralised zones are encountered, in order to preserve the samples are representative.*
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	*The diamond core holes are drilled towards 060 at an angle of -60 degrees to intersect the modelled mineralised zones at a near perpendicular orientation. However, the orientation of key structures may be locally variable and any relationship to mineralisation at Desert Dragon has yet to be identified.*

Criteria	JORC Code explanation	Commentary
	If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.	*No orientation based sampling bias has been identified in the data to date.*
Sample security	*The measures taken to ensure sample security.*	*Chain of Custody is managed by the Company until it passes to a duly certified assay laboratory for cutting, subsampling and assaying. The cut-core trays are securely stored on site and delivered to the assay laboratory by the company or a competent agent. When in transit, they are kept in locked premises. Transport logs have been set up to track the progress of samples. Core is stored and transported in strongly secure closed trays to avoid any interference or unintentional movement of the core during transport. The chain of custody passes upon delivery of the core to the assay laboratory where core cutting and sampling takes place according to a predetermined "cut sheet", which acts a control for any subsequent checks.*
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	*Sampling techniques and procedures are regularly reviewed internally, as is data. To date, no external audits have been completed on Desert Dragon.*

Section 2 Reporting of Exploration Results

(Criteria listed in section 1 will also apply to this section where relevant)

Criteria	JORC Code explanation	*Commentary*
Mineral Tenement and Land Status	*Type, name/reference number, location and ownership including agreements or material issues with third parties including joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	*The Desert Dragon prospect is located within Exploration Licences E39/1467, E39/1229, E39/1667 and E39/1520. The drill hole locations for the current drill programme are located on E39/1467.* *Each tenement is 100% owned by Desert Fox Resources Pty Ltd, a wholly owned subsidiary of St George Mining. Each of E39/1467 and E39/1229 are subject to a 2% Net Smelter Royalty in favour of a third party.*
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.	*None of the tenements are the subject of a native title claim. No environmentally sensitive sites have been identified at any of the tenements.* *The tenements are in good standing and no known impediments exist.*
Exploration Done by Other Parties	*Acknowledgment and appraisal of exploration by other parties.*	*In 2012, BHP Billiton Nickel West Pty Ltd (Nickel West) completed a reconnaissance RC (reverse circulation) drilling programme at the East Laverton Property as part of the Project Dragon farm-in arrangement between Nickel West and the Company. That farm-in arrangement has been terminated. The drilling programme included 3 drill holes at Desert Dragon, named DRAC35, DRAC36 and DRAC38* *The results from the Nickel West drilling programme were reported by the Company in its ASX Release dated 25 October 2012 "Drill Results at Project Dragon". Drilling intersected primary nickel sulphide mineralisation and established the presence of fertile, high MgO ultramafic sequences at the East Laverton Property.* *Prior to the Project Dragon drilling programme, there was no systematic exploration at the Desert Dragon prospect. Historical exploration in the region was dominated by shallow RAB and aircore drilling, much of which had been incompletely sampled, assayed, and logged. This early work was focused on gold rather than nickel sulphide exploration.*

Criteria	JORC Code explanation	*Commentary*
Geology	*Deposit type, geological setting and style of mineralisation*	*Desert Dragon is within the Company's East Laverton Property located in the NE corner of the Eastern Goldfields Province of the Archean Yilgarn Craton of Western Australia.* *The project area is proximally located to the Burtville-Yarmana terrane boundary and the paleo-cratonic marginal setting is consistent with the extensive komatiites and carbonatite magmatism found on the property.* *The area is largely covered by Permian glaciogene sediments (Patterson Formation), which area is subsequently overlain by a thinner veneer of more recent sediments and aeolian sands. As a result the geological knowledge of the belt has previously been largely inferred from gravity and magnetic data and locally verified by drill-hole information and multi-element soil geochemical surveys.* *The drilling at the East Laverton Property has confirmed extensive strike lengths of high-MgO olivine-rich rocks across three major ultramafic belts. Ultramafic rocks of this composition are known to host high grade nickel sulphides.*
Drill hole information	*A summary of all information material to the understanding of the exploration results including tabulation of the following information for all Material drill holes:* *• Easting and northing of the drill hole collar* *•Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar* *• Dip and azimuth of the hole* *• Down hole length and interception depth* *• Hole length*	*Refer to tabulations in the body of this announcement.* *Information regarding historical hole DRAC35 is extracted from the Company's ASX Release dated 25 October 2012 "Drill Results at Project Dragon" which is available to view on www.stgm.com.au.*
Data aggregation methods	*In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.*	*No top-cuts have been applied. A nominal 0.15% Ni lower cut-off is applied unless otherwise indicated.*
	Where aggregated intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.	*High grade massive sulphide intervals internal to broader zones of sulphide mineralisation are reported as included intervals.*
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	*No metal equivalent values are used for reporting exploration results.*
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of exploration results.* *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported. If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	*The geometry of the mineralisation is not yet known due to insufficient deep drilling in the targeted area.*
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being*	*Maps are included in the body of this ASX Release.*

Criteria	JORC Code explanation	*Commentary*
	reported. These should include, but not be limited to a plane view of drill hole collar locations and appropriate sectional views.	
Balanced Reporting	*Where comprehensive reporting of all Exploration Results is not practical, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	*A balanced report on the exploration results is contained in the body of the ASX Release.*
Other substantive exploration data	*Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observation; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	*All meaningful and material information has been included in the body of the text. No metallurgical or mineralogical assessments have been completed.*
Further Work	*The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large – scale step – out drilling).* *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	*A discussion of further exploration work is contained in the body of the ASX Release.*