

28 August 2013

ST GEORGE PROGRESSES NICKEL EXPLORATION

HIGHLIGHTS

- **Exploration targeting work at Cambridge is well advanced**
- **Most laboratory assays have now been received**
- **Significant potential at Cambridge confirmed by the geochemical analysis of assays**
- **Supplementary soil geochemical survey underway at Cambridge**
- **Next phase of 2013 drilling programme at Cambridge being planned**
- **Cambridge exploration results generate additional nickel prospects**

GEOCHEMICAL SOIL SURVEY HAS COMMENCED

St George Mining Limited (ASX: **SGQ**) (“St George Mining” or “the Company”) is pleased to provide an update on nickel exploration activities at its 100% owned Cambridge Nickel Project, located at its East Laverton Property in the North Eastern Goldfields region of Western Australia.

The Company has commenced a supplementary soil geochemical survey at the Cambridge Nickel Project with the goal of acquiring more detailed information to assist in identifying new drill targets for the second phase of the 2013 drill programme.

The supplementary survey is being completed across the Cambridge ultramafic body located on 100% St George Mining tenements. Samples will be collected on 100 m grid lines and at 50 m stations. See Figure 1 for an illustration of the planned survey samples.

The results of the previous drilling at Cambridge will provide an additional control on the effective use of the geochemical data in the process of identifying new drill targets. A strong correlation between higher surface nickel responses and higher nickel levels at depth was encountered by previous drilling and may permit the wider identification of preferred, higher Ni and MgO target zones - similar to that encountered in the bottom of CAMRC-011.

The soil geochemical data will be part of the process of targeting strike extensions of this high Ni and MgO zone. Subsequent drilling will assist in modelling the zone in 3 dimensions.

The use of a field XRF unit to analyse the soil samples as they are collected, rather than using laboratory assaying, will provide substantial cost and time benefits for St George. Anomalous samples can be immediately followed up on, and with no laboratory waiting-time, the new data can be rapidly integrated into the drill targeting process. Readings from the field XRF unit have the required degree of accuracy and precision for soil geochemical sampling.

The drill testing of the new targets being generated at Cambridge is likely to include both RC reconnaissance drilling and deep diamond drilling. Plans will be finalised once the results of the infill soil survey are integrated and reviewed with results and findings of the first phase of the 2013 drilling programme.

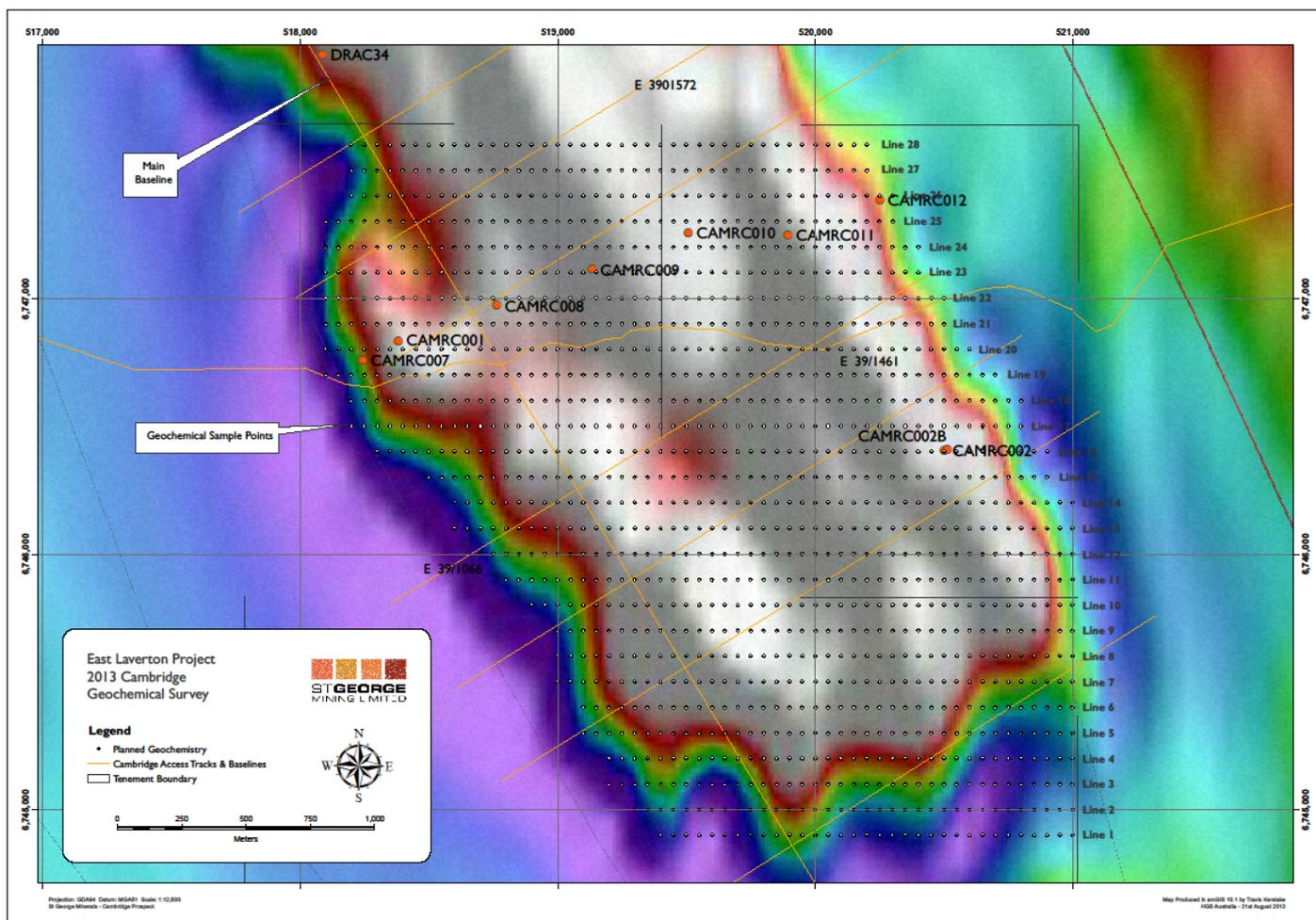


Figure 1- The planned sample points for the infill soil geochemical survey underway at the Cambridge ultramafic body shown over magnetics.

LABORATORY ASSAYS

Sophisticated litho-geochemical analysis is an invaluable exploration tool when exploring magmatic sulphide deposits, like komatiite hosted nickel deposits. Various geochemical ratios can be used to establish the position within the magmatic system and also identify the most fertile areas for massive and disseminated nickel sulphides.

The Company has gathered an extensive litho-geochemical database from its previous drilling at Cambridge and this has proved invaluable for the ongoing process of exploration planning and drill-hole targeting.

The Company has received the vast majority of the laboratory assays for the samples from the first phase of the 2013 drilling programme. Final assays are expected shortly and a detailed analysis of this assay data by St George’s Technical Team is underway.

Important preliminary observations from the geochemical analysis are:

- Both the eastern and the western margins of the ultramafic body are basal contacts, interfaces where primary nickel sulphides usually form, and so are equally prospective.

- The eastern portion of the Cambridge body contains a very large zone of high MgO rocks and is strongly supportive of the potential for nickel sulphide mineralisation at Cambridge.

Assay values received to-date are consistent with Cambridge being comprised of a large volume of fertile komatiitic magma, with various degrees of magmatic differentiation. Our technical team is continuing to assess the assays and mineral assemblage in the drill holes and a detailed announcement regarding the geochemical review of the 2013 drilling will be made shortly.

PIPELINE OF NICKEL PROSPECTS

Three under-explored prospective ultramafic belts have been identified at the East Laverton Property and all are considered prospective for nickel sulphide mineralisation. The current exploration focus is on the western Stella Range Belt where disseminated nickel sulphides were encountered in drilling in 2012, confirming the fertility of these komatiite magmas.

The Cambridge Nickel Project is situated on the Stella Range Belt and is the first priority of the Company's nickel exploration.

Recent drilling at the Central and Minigwal ultramafic belts has intersected significant thicknesses of ultramafics in contact with sulphide-rich sediments, an optimal setting for nickel sulphide mineralisation. The Company is reviewing its 100% tenements within these belts with a view to generating new nickel prospects as part of its growing and varied nickel portfolio.

DETAILS OF XRF ANALYSIS

References to XRF results relate to analysis using a hand-held Olympus Innov-X Spectrum Analyser. This portable device provides immediate analysis of modal mineralogy of drill samples. The device is unable to reliably detect precious metals in samples but is considered to be more reliable for base metal assessment. Results from XRF analysis are stated as indicative only, and are preliminary to subsequent confirmation by geochemical analysis by laboratory assays.

The XRF data is useful in assisting in the interpretation of the geological character of the rocks being encountered during soil sampling and drilling. The geochemical analysis from the XRF covers a broad range of elements and allows sophisticated geological modelling using various geochemical indexes and elemental ratios.

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COMPETENT PERSON STATEMENT:

The information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by Andrew Hawker of Hawker Geological Services Pty Ltd. Mr Hawker 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 Hawker 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 Hawker consents to the inclusion of information in this announcement in the form and context in which it appears.