# ASX / MEDIA RELEASE

25 May 2016

## ST GEORGE COMMENCES DRILL PROGRAMME FOR PRIORITY GOLD TARGETS AT EAST LAVERTON

**HIGHLIGHTS:**

- **Major gold focused drill programme has commenced at East Laverton Project**
- **First ever drilling of bedrock geology at priority gold targets**
- **Targets are located in a favourable structural setting with strong associated gold anomalism established by shallow historical drilling**
- **Ascalon is the first gold target to be drill tested with drilling costs co-funded by a WA Government grant under the Exploration Incentive Scheme**
- **Opportunity for a new discovery in this prospective but underexplored region that contains the most recent world-class gold discoveries in Western Australia at Tropicana (+8MozAu) and Gruyere (+6MozAu)**

**HIGH IMPACT GOLD DRILLING COMMENCES AT EAST LAVERTON**

St George Mining Limited (ASX: **SGQ**) ('St George Mining' or 'the Company') is pleased to announce that a major drill programme is underway to test priority gold targets at its 100% owned East Laverton Project in Western Australia.

A total of 2,300m of reverse circulation (RC) drilling is planned in the first phase of this gold-focused drill programme, which will test two priority targets – Ascalon and Bristol. Table 1 contains details of the planned drill holes.

The Ascalon target has never been drilled. It is situated in a favourable structural setting for gold mineralisation that has strong associated gold anomalism identified by shallow reconnaissance drilling completed to the north-west of the main target area.

The Bristol target has only been tested by shallow drilling with an average drill hole depth of 40m. Many end of hole drill samples had anomalous gold with values upto 2.5ppmAu.

St George's drill programme is the first ever test of the bedrock geology at both targets and has the potential to deliver a major breakthrough for gold exploration at East Laverton.

Our field team has mobilised to the Project and is finalising preparation of drill sites. The RC drill rig will arrive at East Laverton on Thursday this week, with drilling to commence by Friday.

**John Prineas, Executive Chairman of St George Mining,** said:
"We are very excited to begin drilling of our highly rated gold targets at East Laverton which satisfy key exploration targeting criteria for significant gold deposits.

"The targets have never been systematically explored for gold and provide us with an opportunity to make an important discovery."

**FAVOURABLE GEOLOGICAL FEATURES FOR LARGE SCALE GOLD MINERALISATION**

Early fundamental structures that were developed during greenstone formation are first-order controls on the localisation of gold mineralisation associated with Archean Orogenic gold deposits. The presence of these deep mantle tapping structures are prominent at the East Laverton Project and are demonstrated by the extensive ultramafic sequences which have been formed by mantle sourced high MgO komatiite magmas.

A ground gravity survey completed in August 2015 provided effective mapping of these important structures and the associated magmatic and hydrothermal centres, which are highly prospective for gold mineralisation.

In particular, the Minigwal Fault is a regional northwest trending structure that extends for over 40km through the East Laverton Project. The Minigwal greenstone belt has formed in the hanging wall of the Fault and is situated along the margin of a major regional-scale gravity anomaly, which indicates a major and deep magmatic centre. The Minigwal Fault is interpreted as a deep (trans-lithospheric) structure that provides a pathway for the transport of gold-rich mantle-derived hydrothermal fluids to the upper crust.

Figure 1 illustrates the camp-scale model synthesis for Orogenic gold mineralisation and highlights the importance of fundamental basement structures for the formation of Orogenic gold deposits. The Ascalon gold target, which is situated on the Minigwal Fault, is an excellent conceptual fit to this Orogenic gold model.

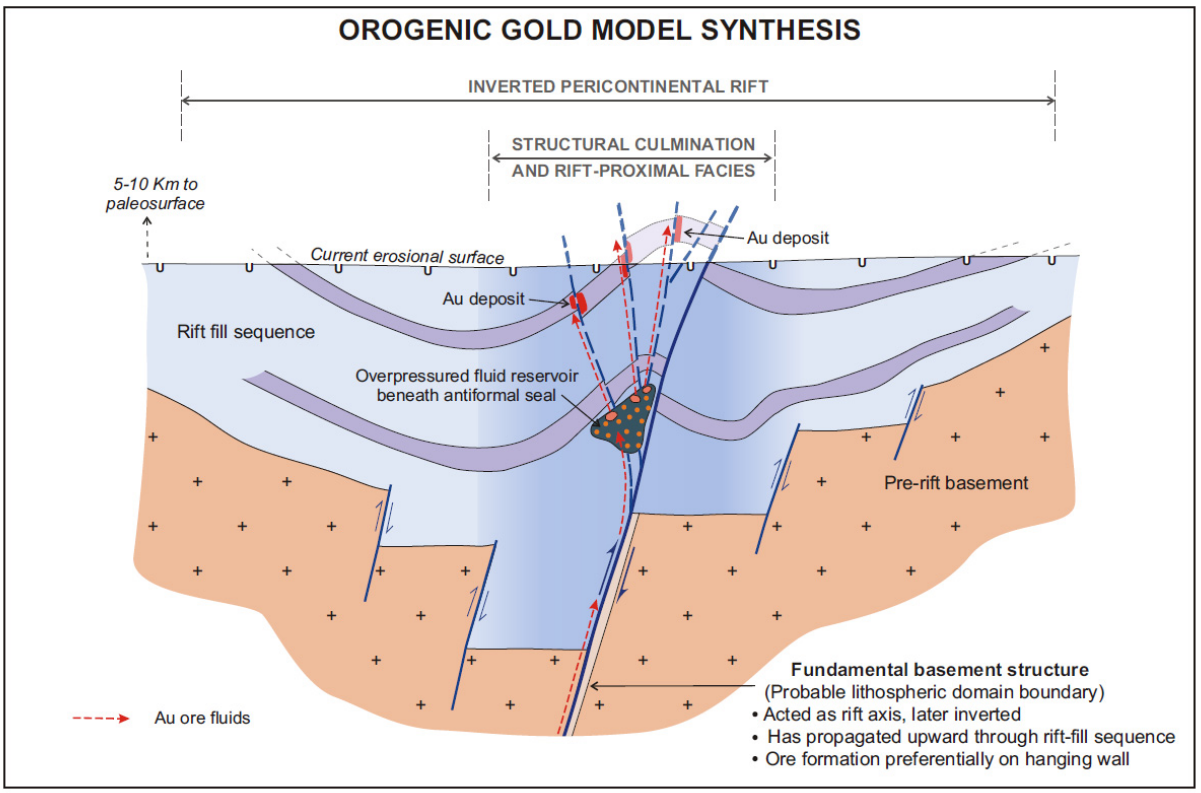


*Figure 1 – Orogenic Gold Model Synthesis (Dr J Hronsky, 2011). The cross section illustrated is in the plane of a major cross-cutting fundamental structure which will have had a significant influence on lateral segmentation of the rift during formation. Note also the role of the antiformal culmination in sealing the inferred underlying over-pressured reservoir.*

**MULTIPLE PRIORITY GOLD TARGETS AT EAST LAVERTON**

The 2015 gravity survey completed at the East Laverton Project provided an opportunity to review the gold targeting process and reassess the numerous occurrences of anomalous gold across the Project area. Most importantly, the ground survey allowed the recognition of camp scale and regional scale positive gravity features, which indicate deep magmatic centres that are prospective for gold mineralisation.

Major Orogenic gold deposits commonly occur where major fundamental north-west trending faults are deflected on the gradient (margins) of positive gravity features. The deflection of the north-west trending greenstone belts and major faults is related to reactivation and dilation of the intersecting fundamental northwest-southeast and northeast-southwest faults. ("Fundamental" refers to a deep fault structure that formed early in the structural history of the Earth).

Ascalon is a classic example of this structural setting and is located at the intersection of the Minigwal Fault and the NE-SW Southern Lineament, on the gradient of a regional-scale gravity feature. Bristol is also favourably situated on the intersection of the Central Fault and the Churchill Lineament, which is a major transform fault that trends in a NE-SW direction.

Figure 2 illustrates the priority gold targets at East Laverton and their association with strong gravity anomalies. Ascalon and Bristol will be drill tested in the first phase of the gold drill programme with other targets to be prioritised for drilling in follow-on phases of the programme.

Five drill holes are planned for each of Ascalon and Bristol. Follow-up drilling, including deeper drill holes, will be planned after the results from the initial drilling are reviewed. The first phase of the gold drill programme is expected to be completed within approximately 3 weeks and laboratory assays will be available shortly thereafter.

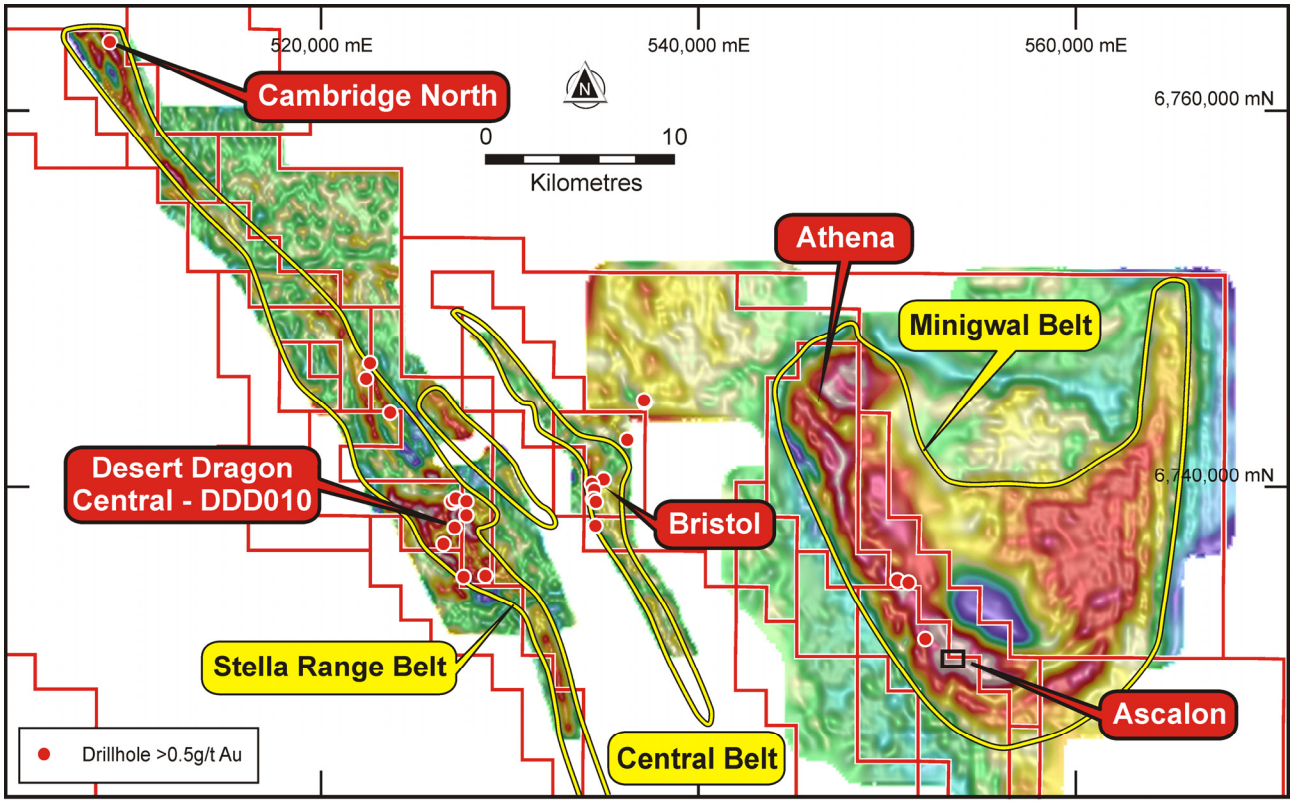


*Figure 2 – the East Laverton tenements against FVD Bouguer gravity data. All targets are associated with strong gravity anomalies, which can indicate fundamental structures that are a control on the concentration of gold mineralisation.*

**ASCALON – HIGH PRIORITY GOLD TARGET**

Historical exploration drilling was completed mainly to the north of the Ascalon target by WMC Resources in the early 1990s. This drilling was relatively shallow with the majority of the drill hole depths being less than 100m. The main Ascalon target was never drilled.

The historical drilling defined linear zones of anomalous gold and copper in the regolith that extend over 1,300m and are open to the south towards the Ascalon target.

Figure 3 illustrates the thickest part of the Minigwal greenstone belt, which we have named the 'Lydda Domain'. Most of the anomalous gold intersected by shallow and reconnaissance drilling is located within this Lydda Domain, as is the Ascalon target. Large Orogenic gold deposits are typically situated in the thickest sections of the greenstone belts as they are a site of greater preservation of the lower metamorphic grade rocks, which are more favourable hosts for large-scale gold formation.

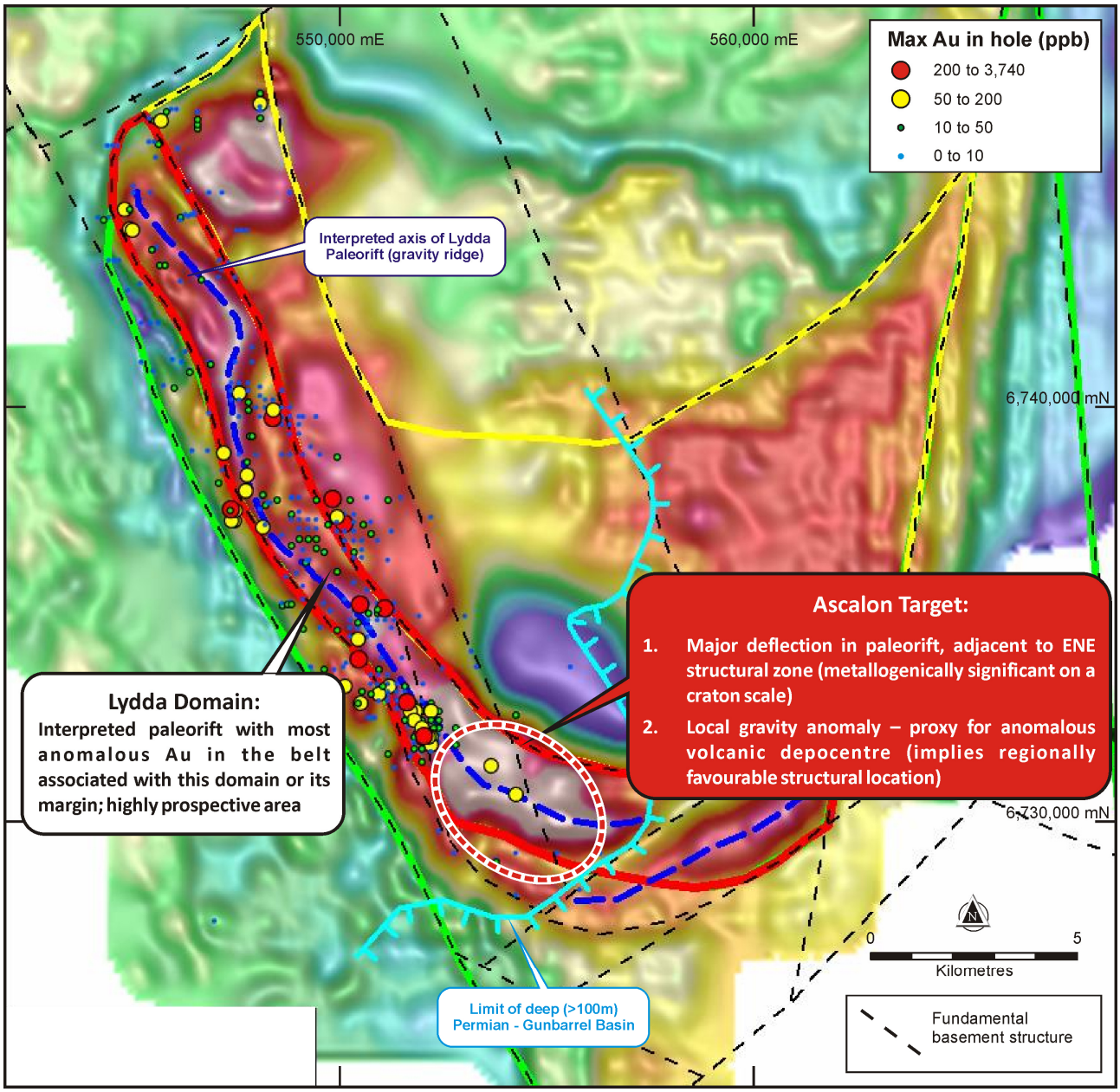


*Figure 3 – the Ascalon target shown against FVD Bouguer gravity data with key structural and geological features highlighted.*

A deep drill hole, OXFRC003, was drilled to the north-west of Ascalon by St George in February 2016. The hole was completed to a downhole depth of 306m and intersected a number of zones of gold and copper mineralisation; see our ASX Release dated 30 March 2016 *'Large Gold Zone at East Laverton'*.

Importantly, OXFRC003 confirmed that the gold and copper anomalism previously only intersected in the regolith, was also present as significant bedrock mineralisation. The geochemical and alteration signature from the drilling is interpreted to be consistent with the peripheral setting around a large gold deposit.

A prominent deflection in the rift-axial structure of the Minigwal belt is present at the Ascalon target. This is a very favourable structural setting for gold mineralisation in the Yilgarn and indicates the reactivation of the intersecting fundamental NW and NE-SW transform faults during the late gold event. These structures are a primary control on gold mineralisation.

The target area has never been drilled and presents an opportunity for a major discovery.

St George Mining has been awarded a drilling grant under the West Australian Government's Exploration Incentive Scheme (EIS) that will be applied towards the direct costs of drilling at Ascalon. The Company appreciates the financial support from the Western Australian Government and the Geological Survey of Western Australia for the testing of this strategically important prospect.

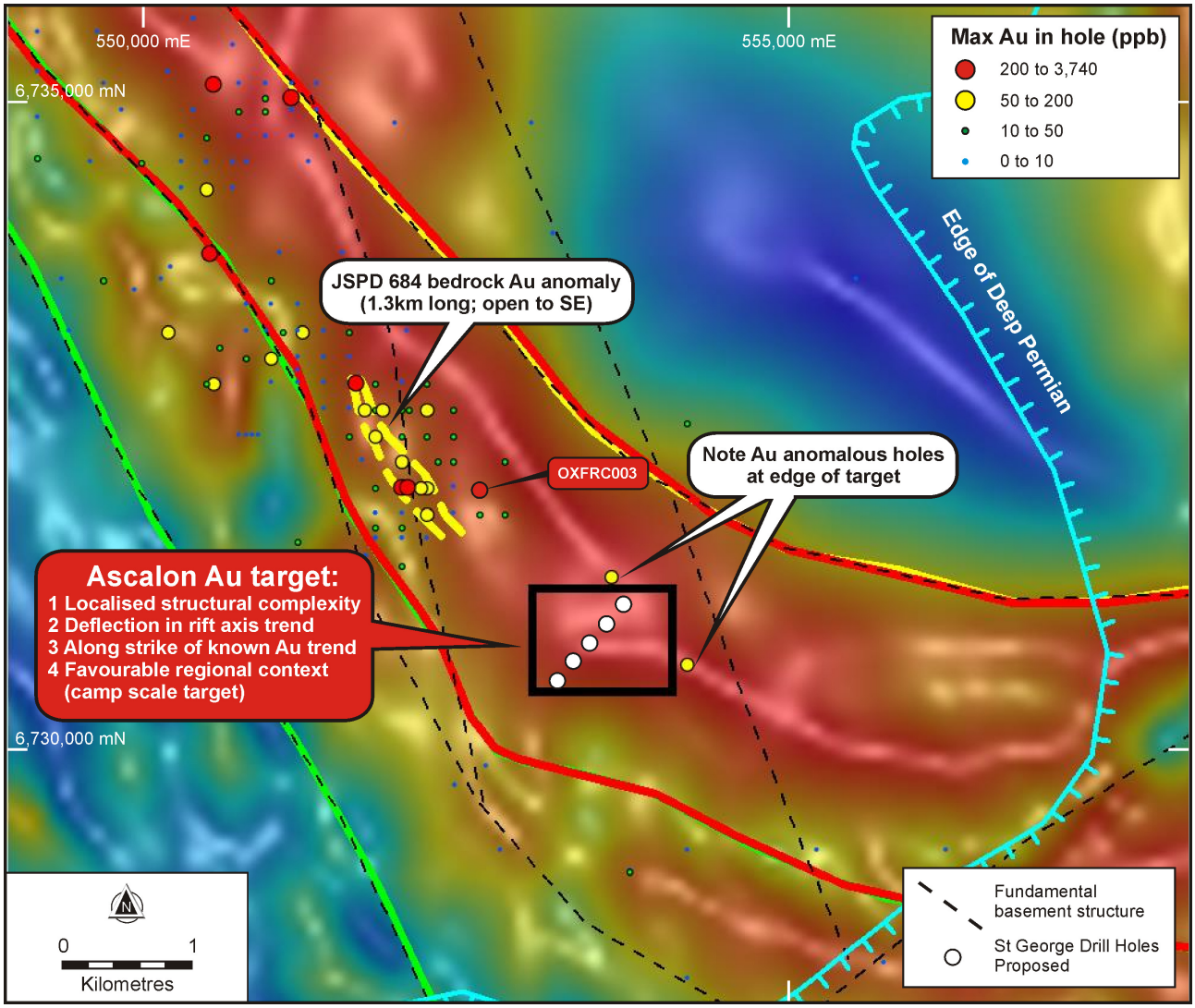


*Figure 4 – the Ascalon target shown against Bouguer tilt gravity data with planned drill holes illustrated.*

| Hole ID | Target | Easting (m) | Northing (m) | Dip (deg) | Azimuth (deg) | Depth (m) |
|---|---|---|---|---|---|---|
| ASCProp1 | Ascalon | 553210 | 6730520 | -60 | 225 | 240 |
| ASCProp2 | Ascalon | 553330 | 6730670 | -60 | 225 | 240 |
| ASCProp3 | Ascalon | 553460 | 6730810 | -60 | 225 | 340 |
| ASCProp4 | Ascalon | 553590 | 6730960 | -60 | 225 | 240 |
| ASCProp5 | Ascalon | 553720 | 6731110 | -60 | 225 | 240 |
| BRProp1 | Bristol | 534510 | 6739575 | -60 | 270 | 200 |
| BRProp2 | Bristol | 534375 | 6739575 | -60 | 270 | 200 |
| BRProp3 | Bristol | 534510 | 6739415 | -60 | 270 | 200 |
| BRProp4 | Bristol | 534425 | 6739415 | -60 | 270 | 200 |
| BRProp5 | Bristol | 534505 | 6739700 | -60 | 270 | 200 |

*Table 1 – Planned holes at the Ascalon and Bristol gold targets*

**IMPORTANT REGIONAL LOCATION**

St George's East Laverton Project is located in the Yilgarn Craton, which is a world class gold province with an endowment of over 300 million ounces of gold. Figure 5 shows that two of the most recent large greenfields gold discoveries in Australia - the +8MozAu Tropicana deposit and the +6MozAu Gruyere deposit – are located near the eastern margin of the North Eastern Goldfields, as is the East Laverton Project.

These recent gold discoveries highlight the under-explored nature of the eastern margin of the North Eastern Goldfields and its potential for further major gold discoveries.

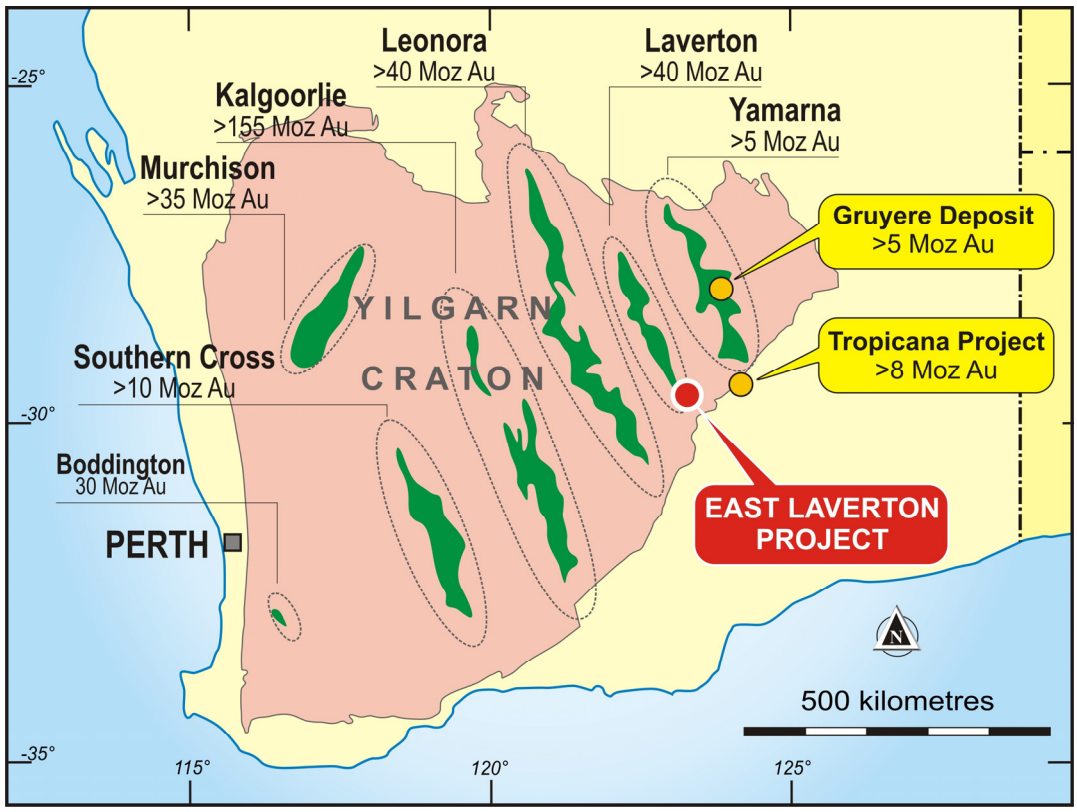


*Figure 5 – the main gold-bearing greenstone belts of the Yilgarn Craton, showing the East Laverton Project in the under-explored eastern margin of the North Eastern Goldfields where Tropicana and Gruyere - two of the most recent and significant gold discoveries in Australia are also located.*

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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 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.* | This ASX Release dated 25 May 2016 reports on the 2016 drilling campaign underway at the Company's East Laverton Project, and includes a discussion of some past exploration results at the Project.<br><br>Drilling programs have included diamond core drilling completed by DDH1 Drilling Pty Ltd and reverse circulation (RC) drilling completed by VM Drilling Pty Ltd.<br><br>Diamond drilling was undertaken by DDH1 in 2014 and 2015 using a Sandvik 1200 Multipurpose truck mounted drill rig. RC drilling was undertaken by VM Drilling in 2014 and 2015 using a Schramm 685 truck mounted drill rig. The current RC drilling program is also being carried out by VM Drilling using the same rig.<br><br>*Diamond Core Sampling:* 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.<br><br>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.<br><br>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. 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".<br><br>Diamond core provides high quality samples that are logged for lithological, structural, geotechnical, density and other attributes. Sampling is under QAQC procedures as per industry best practice.<br><br>*RC Sampling:* All samples from the RC drilling are taken as 1m samples. Samples are sent to Intertek Laboratories for assaying.<br><br>Appropriate QAQC samples (standards, blanks and duplicates) are inserted into the sequences as per industry best practice. Samples are collected using cone or riffle splitter. Geological logging of RC chips is completed at site with representative chips being stored in drill chip trays.<br><br>Onsite XRF analysis is conducted on the fines from RC chips using a hand-held Olympus Innov-X Spectrum Analyser. These results are only used for onsite interpretation and preliminary assessment subject to final geochemical analysis by laboratory assays.<br><br>*Moving loop electromagnetic (MLEM) survey*: The MLEM survey is designed and managed by Newexco, with field work contracted to Bushgum Pty Ltd and/or Merlin Geophysical Solutions. The MLEM survey is conducted at several prospects within the project area.<br><br>Key specifications of the MLEM survey are:<br><br>Stations Spacing: 100m<br>Loop: 400m, 200m |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | Line Spacing: 400m<br>Components: x y z<br>Orientation: X along line (local east - positive).<br>Line direction: 58.35, 90 degrees<br>Frequency: 0.5, 0.25 Hz<br>Channels: SMARTem Standard.<br>Receiver: Fluxgate<br>Number turns: 1<br>Current: Typically 50 A.<br>Repeats: Minimum 3 consistent readings per station.<br>*Down-hole electromagnetic (DHEM) survey*: A DHEM survey will be completed for certain drill holes. The DHEM survey is designed and managed by Newexco Services Pty Ltd, with field work contracted to Bushgum Holdings Pty Ltd and/or Merlin Geophysical Solutions.<br>Key specifications of the DHEM survey are:<br>*System:* *Atlantis (analogue)*<br>*Components:* *A, U, V*<br>*Component direction:*<br>• *Ba – Parallel to hole axis, positive up hole.*<br>• *Bu – Perpendicular to hole axis: toward 12 o' clock when looking down hole.*<br>• *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.* | *Diamond Core Sampling:* For diamond core 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.<br>*RC Sampling:* The RC drilling rig has a cone splitter built into the cyclone on the rig. Samples are taken on a one meter basis and collected directly from the splitter into uniquely numbered calico bags. The calico bag contains a representative sample from the drill return for that metre. This results in a representative sample being taken from drill return, for that metre of drilling. The remaining majority of the sample return for that metre is collected and stored in a green plastic bag marked with that specific metre interval. The cyclone is blown through with compressed air after each plastic and calico sample bag is removed. If wet sample or clays are encountered then the cyclone is opened and cleaned manually and with the aid of a compressed air gun.<br>A large auxiliary compressor ("air-pack") is mounted on a separate truck and the airstream is connected to the rig. This provides an addition to the compressed air supplied by the in-built compressors mounted on the drill rig itself. This auxiliary compressor maximises the sample return through restricting air pressure loss, especially in deeper holes. In addition, the high and consistent levels of air pressure minimise the number of drill samples.<br>Geological logging of RC chips is completed at site with representative chips being stored in drill chip trays. Downhole surveys of dip and azimuth are 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. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | *MLEM Survey:* Field calibration of the survey instruments using standards is undertaken each day. A minimum of 3 consistent readings per station are taken to ensure accuracy of data collected.<br><br>*DHEM Survey:* For the DHEM survey, the polarity of each component is checked to ensure the system was set up using the correct component orientations. The hole position is corrected for trajectory using orientation survey data. |
| | *Aspects of the determination of mineralisation that are Material to the Public Report.*<br><br>*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 Sampling: C*ore is drilled with HQ and NQ2 size and sampled as half core to produce a bulk sample for analysis. Intervals vary from 0.3 – 1m maximum and are selected with an emphasis on geological control.<br><br>Assays have been completed at either SGS Laboratories or Intertek Genalysis ("Lab") in Perth. Samples are sent to the Lab 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.<br><br>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.<br><br>*RC Sampling:* A 1m composite sample is taken from the bulk sample of RC chips that may weigh in excess of 40 kg. Assay preparation is for the current drilling program will be completed by Intertek.<br><br>Assays are undertaken at Intertek in Kalgoorlie and Perth. Samples are sent to Intertek 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).* | *Diamond Core Sampling:* The collars of the diamond holes were drilled using RC drilling down through the regolith to the point of refusal or to a level considered geologically significant to change to core. The hole was then continued using HQ diamond core until the drillers determined that a change to NQ2 coring was required.<br><br>The core is oriented and marked by the drillers. The core is oriented using ACT Mk II electric core orientation.*RC Sampling:* The RC drilling uses a 140 mm diameter face hammer tool. High capacity air compressors on the drill rig are used to ensure a continuously sealed and high pressure system during drilling to maximise the recovery of the drill cuttings, and to ensure chips remain dry to the maximum extent possible. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***Drill sample recovery*** | *Method of recording and assessing core and chip sample recoveries and results assessed.* | *Diamond Core Sampling:* Diamond core recoveries/core loss are 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 to date. There has been a notable and consistent competency encountered in the rocks during drilling.<br><br>*RC Sampling:* RC samples are visually checked for recovery, moisture and contamination. Geological logging is completed at site with representative RC chips stored in chip trays. |
| | *Measures taken to maximise sample recovery and ensure representative nature of the samples.* | *Diamond Core Sampling:* 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.<br><br>*RC Sampling:* Samples are collected using cone or riffle splitter. Geological logging of RC chips is completed at site with representative chips being stored in drill chip trays. |
| | *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 any drill program. This analysis will be conducted following any economic discovery.<br><br>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 is carried out on all drill holes with lithology, alteration, mineralisation, structure and veining recorded. |
| | *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* | Logging of diamond core and RC samples records lithology, mineralogy, mineralisation, structures (core only), 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 are geologically logged in full and detailed litho-geochemical information is 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 is cut in half length ways in Kalgoorlie using an automatic core saw. All samples are collected from the same side of the core. The half-core samples are submitted to the Lab for analysis. |
| | *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* | RC samples are collected in dry form. Samples are collected using cone or riffle splitter when available. Geological logging of RC chips is completed at site with representative chips being stored in drill chip trays. |
| | *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* | *Diamond Core Sampling:* 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.<br><br>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. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | *RC Sampling*: Sample preparation for RC chips follows a standard protocol.<br><br>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.* | *Diamond Core Sampling:* 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.<br><br>*RC Sampling:* Field QC procedures maximise representivity of RC samples and involve the use of certified reference material as assay standards, along with blanks, duplicates and barren washes. |
| | *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.* | *Diamond Core 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.<br><br>*RC Sampling:* Field duplicates were taken on 1m composites for RC samples. |
| | *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 the East Laverton Property 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.* | For diamond core and RC sampling, 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 level 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.<br><br>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. |
| | *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) is used to systematically analyse the drill core and RC chips 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.<br><br>For the EM surveys, 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 are verified by the Company's Technical Director and Consulting Field Geologist. |
| | *The use of twinned holes.* | No twinned holes have been completed. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | *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.<br>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 spacing and distribution of holes is not relevant to the drilling programs which are at the exploration stage. |
| | *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.* | Drilling at the East Laverton Project is at the exploration stage and mineralisation 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 as 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 drill holes are drilled towards 060 at an angle of -60 degrees (unless otherwise stated) 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 has yet to be identified. |
| | *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 samples pass to a duly certified assay laboratory for subsampling and assaying. The cut-core trays and RC sample bags are stored on secure sites 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. The chain of custody passes upon delivery of the samples to the assay laboratory. |
| ***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 the drilling programme. |

## 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.*<br><br>*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.* | The East Laverton Project comprises 28 exploration licences, and details are available in the Company's Quarterly Activities Report which can be found on our website at www.stgm.com.au.<br><br>Each tenement is 100% owned by Desert Fox Resources Pty Ltd, a wholly owned subsidiary of St George Mining. Certain tenements are subject to a 2% Net Smelter Royalty in favour of a third party.<br><br>An additional two exploration licences are owned directly by St George Mining Limited, and are referred to as the Lake Minigwal Project that hosts the Atlas gold target.<br><br>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; 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 comprised 35 RC holes for 8,560m drilled.<br><br>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.<br><br>Prior to the Project Dragon drilling programme, there was no systematic exploration for nickel sulphides at the East Laverton Property. 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.<br><br>No previous exploration has been recorded at the Atlas gold prospect. |
| ***Geology*** | *Deposit type, geological setting and style of mineralisation* | The Company's East Laverton Property located in the NE corner of the Eastern Goldfields Province of the Archean Yilgarn Craton. The project area is proximally located to the Burtville-Yarmana terrane boundary and the paleo-cratonic marginal setting is consistent with the extensive komatiites found on the property.<br>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:*<br>*• Easting and northing of the drill hole collar*<br>*•Elevation or RL (Reduced Level – elevation above sea level in meters) of the drill hole collar*<br>*• Dip and azimuth of the hole*<br>*• Down hole length and interception depth*<br>*• Hole length* | Refer to information in the body of this announcement.<br><br>Information regarding exploration results from Project Dragon can be found in the Company's ASX Release dated 25 October 2012 "Drill Results at Project Dragon" which is available to view on www.stgm.com.au.<br><br>Table 1 to this 2012 JORC Section contains drill hole information on DRAC35, DRAC38 and DDNRC002 which were the first drill holes at the East Laverton Property to identify nickel sulphides. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***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.* | 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 reported. These should include, but not be limited to a plane view of drill hole collar locations and appropriate sectional views.* | Maps will be included with any announcement of any significant discovery, following review of assay results from the drilling programme. |
| ***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.* | Reports on recent exploration can be found in the following ASX Releases that are available on our website at www.stgm.com.au:<br>8 December 2015 *'Gold Exploration Moves Forward at East Laverton'*<br>19 January 2016 *'Gold Targets at East Laverton'*<br>10 February 2016 *'Gold Targets at East Laverton'*<br>30 March 2016 *'Large Gold Zone at East Laverton'* |
| ***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. |

| 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 |
| **DRAC38** | 6733696 | 530786 | -60 | 250 | 298 | 108 | 138 | 30 | 0.31 | 10 | 31 |
| | | | | | | 132 | 138 | 6 | 0.48 | 40 | 48 |
| | | | | | | 132 | 134 | 2 | 0.62 | 92 | 53 |
| **DDNRC002** | 6742718 | 523717 | -60 | 59 | 246 | 53 | 60 | 7 | 0.54 | | |
| | | | | | | 53 | 55 | 2 | 1.08 | | |

*Table 1 to 2012 JORC Section – Significant intersections in DRAC35, DRAC38 and DDNRC002.*

*These historical holes are the first identification of nickel sulphides at the East Laverton Property. For further details on DRAC35 and DRAC38, see the ASX Release dated 25 October 2012 "Drill Results at Project Dragon". For further details on DDNRC002, see the ASX Release dated 11 April 2013 "St George Provides Exploration Update". These ASX Releases are available to view on the Company's website at www.stgm.om.au*