

9 October 2014

ST GEORGE COMMENCES MAJOR PHASE 2 DRILLING PROGRAMME AT EAST LAVERTON

HIGHLIGHTS:

- **Highly targeted drilling programme is underway**
- **Massive nickel sulphide prospects and new VMS target to be tested**
- **Focussed on making a new discovery at East Laverton**

HIGH IMPACT DRILLING UNDERWAY

St George Mining Limited (ASX: **SGQ**) ('St George Mining' or 'the Company') is pleased to announce that Phase 2 of the 2014 drilling programme is underway at its 100% owned East Laverton Property.

The Phase 2 drilling will test for massive nickel sulphides on the highly prospective Stella Range belt, where nickel sulphides have already been identified by drilling completed by both St George and BHP Billiton Nickel West (see Figure 1). The presence of magmatic nickel sulphides along a significant strike extent of the Stella Range belt confirms the fertility of this belt that extends to over 60km, and supports the strong potential for it to host large scale nickel sulphide mineralisation.

Drilling will also be completed at our new VMS prospect, as outlined in our ASX Release dated 7 October 2014 "*Ready For High Impact Drilling*".

The nickel sulphide drill targets for the Phase 2 drilling will comprise electromagnetic (EM) conductors which have been identified by the Company's geophysical adviser, Newexco, as well as follow-up drilling of known intersections of nickel sulphides.

Reverse-circulation (RC) drilling will be used for the Phase 2 programme, with over 4,000m of drilling planned. The actual number of drill holes to be completed will be subject to ongoing management of the drill programme based on the prevailing ground conditions and drill results as they occur.

Drill holes will be cased with PVC piping to permit down hole electromagnetic (DHEM) surveys to be completed where appropriate.

THE NICKEL SULPHIDE TARGETS

The first three nickel sulphide targets to be tested by drilling will be at Desert Dragon South, Windsor and Cambridge.

Desert Dragon South

The Desert Dragon South prospect is situated on the Stella Range belt. It is a geologically and structurally complex area where magnetic data infers folding, thrust faulting and shearing of the ultramafic belt; see Figure 2.

Importantly, the prospect covers an area where the Stella Range belt is cross-cut by the major 'Churchill' lineament. Such cross structures are important in nickel sulphide exploration as they represent a setting where the komatiite channels host greater than normal volumes of magma, and higher flow rates of the hot turbulent MgO-rich ultramafic lava.

Exceptionally hot komatiite magmas are very favourable for the formation of high grade nickel sulphide mineralisation. This is recognised in studies of the Agnew-Wiluna belt which is exceptionally prospective for nickel sulphide mineralisation with numerous world class deposits.¹ The komatiite ultramafics encountered at the Stella Range belt are compositionally similar to those of the Agnew-Wiluna belt.

Also of significance is that Desert Dragon South lies immediately along strike from the fertile komatiite channel flow intersected by drill hole DRAC35 (18 m @ 0.40% Ni from 100m).

The planned holes at Desert Dragon South are to the south of DRAC35 and are illustrated in Figure 2.

Windsor

DRAC38 was drilled by BHP Billiton Nickel West at the Windsor prospect in 2012 and intersected 30m @ 0.31% Ni, including 6m @ 0.48%Ni and 2m @ 0.62%Ni.

Petrographic examinations of drill chips from this very thick mineralised interval confirmed that the nickel sulphides intersected pentlandite, a form of high tenor nickel sulphide.

DRAC38 intersected a komatiite channel with olivine adcumulate units flanked by lower olivine sequences (i.e. orthocumulate). The presence of disseminated nickel sulphides and favourable geology in this area represent an excellent prospect for nickel sulphide mineralisation. This large and fertile channel flow remains largely untested.

The basal contact along strike and down plunge of DRAC38 will be targeted by the drilling in the Phase 2 programme. Figure 3 shows a cross section of DRAC38 and illustrates the planned holes of DDRC030 and DDRC031 for the Windsor prospect.

Cambridge

The Cambridge prospect comprises a large ultramafic dunite body (5km x 2km). Limited drilling at this prospect has identified very favourable lithologies for nickel sulphide mineralisation.

In 2012, BHP Billiton Nickel West completed 3 drill holes at Cambridge - DRAC32, 33 and 34. A fourth hole – DRAC31 – was not completed due to time constraints.

DRAC32, which was drilled approximately 500m to the west of the planned collar for DRAC31, intersected 34m @ 0.27%Ni from 100m and 6m @ 0.29%Ni from 138m. The drill hole also encountered a thick zone of nickel depleted komatiites between 164m and 200m.

Nickel depletion may occur when the nickel from the rocks has been partitioned into sulphide minerals to form local nickel sulphide deposits. DRAC33, drilled a further 500m to the west of DRAC32, also intersected thick intervals of low-grade nickel mineralisation with sections of nickel depletion (see Table 1).

¹ The reason the Agnew-Wiluna belt is so prospective for komatiite-hosted nickel sulphides is "the presence of exceptionally high fluxes of exceptionally hot komatiite magmas, forming long-lived high-level feeder conduits capable of assimilating crustal sulfur derived from spatially associated felsic volcanic centres"; refer Barnes, S.J., Fiorentini, M. L., Duuring, P., Grguric, B. A., and Perring, C. S., 2011. **The Perseverance and Mount Keith Nickel Deposits of the Agnew Wiluna Belt, Yilgarn Craton, Western Australia.** *Society of Economic Geologists, Reviews in Economic Geology*, v.17).

DRAC31 is interpreted to be situated on the eastern basal contact of the dunite body. This is the most prospective area of the fence line designed by BHP Billiton Nickel West, however it was not tested. The anomalous geochemical patterns and nickel depletion observed in DRAC32 and DRAC33, which are potentially very significant, also remain to be explained.

A deep drill hole will now test the DRAC31 site. This planned hole CAMR015 is illustrated in Figure 4. Additional drill holes may be completed along strike from this area if initial results warrant further follow-up exploration.

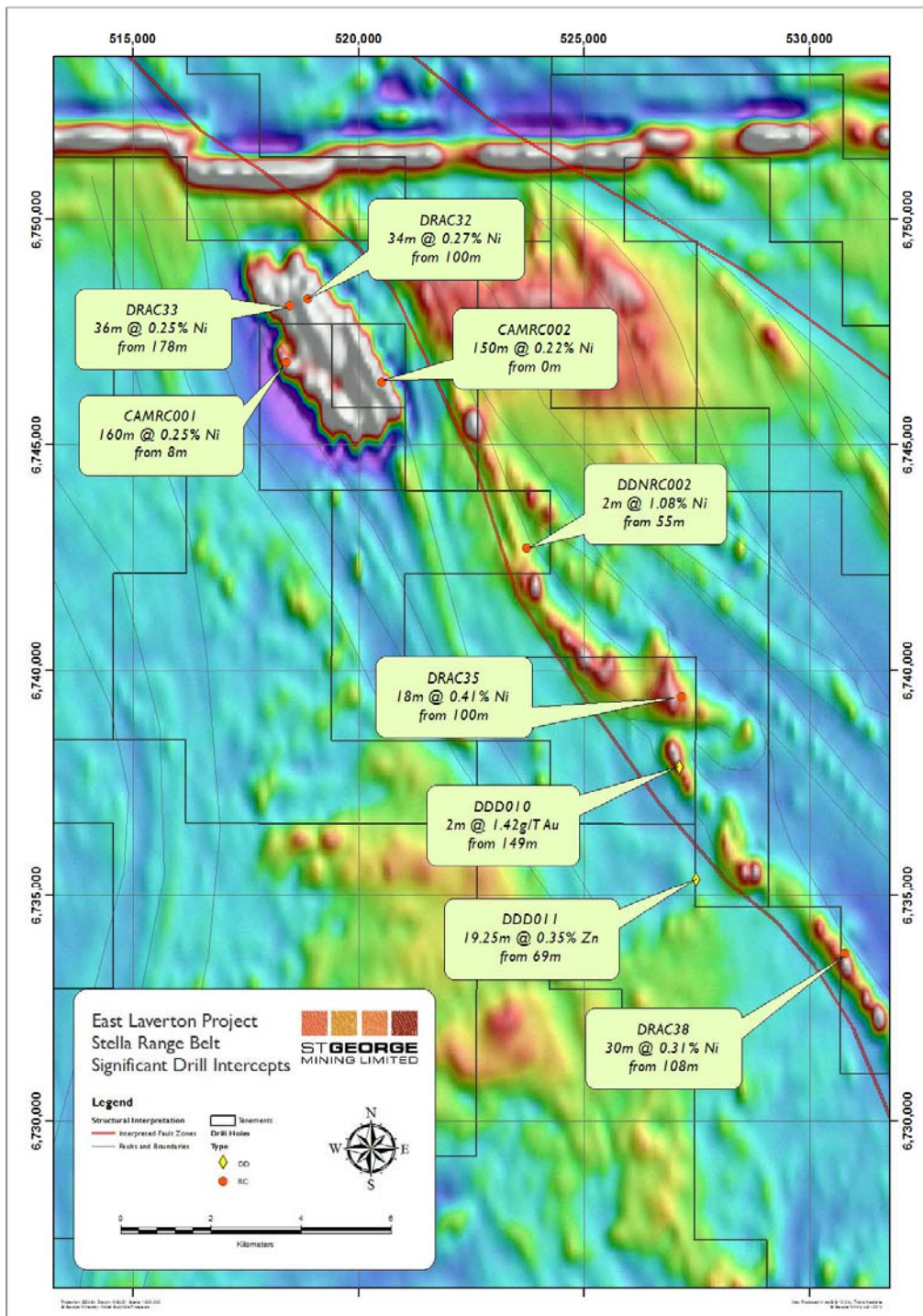


Figure 1 – This map highlights the high priority section of the Stella Range belt where nickel sulphides have already been discovered.

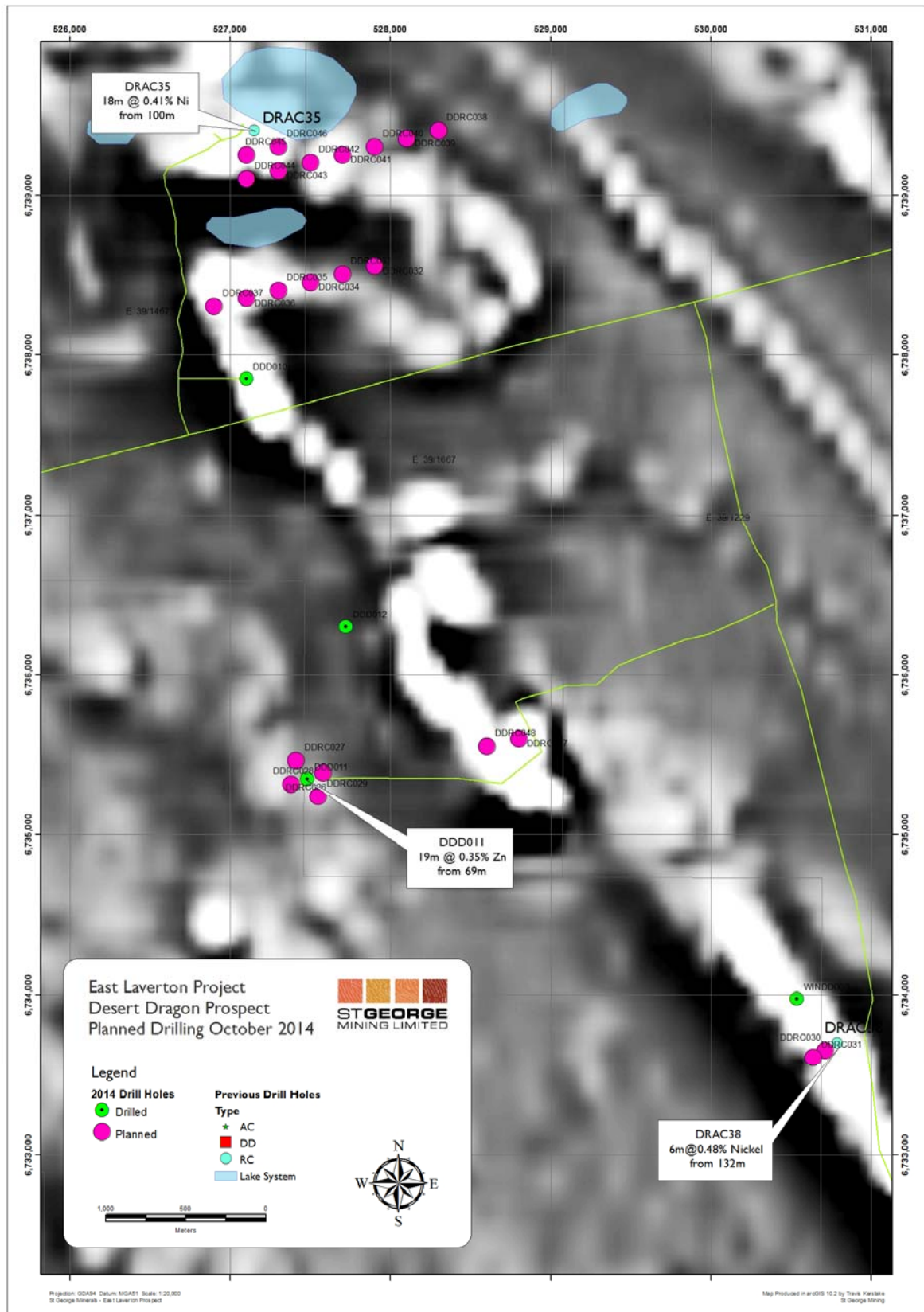


Figure 2 – Planned drill holes for Desert Dragon South and Windsor shown over 1VD magnetics.

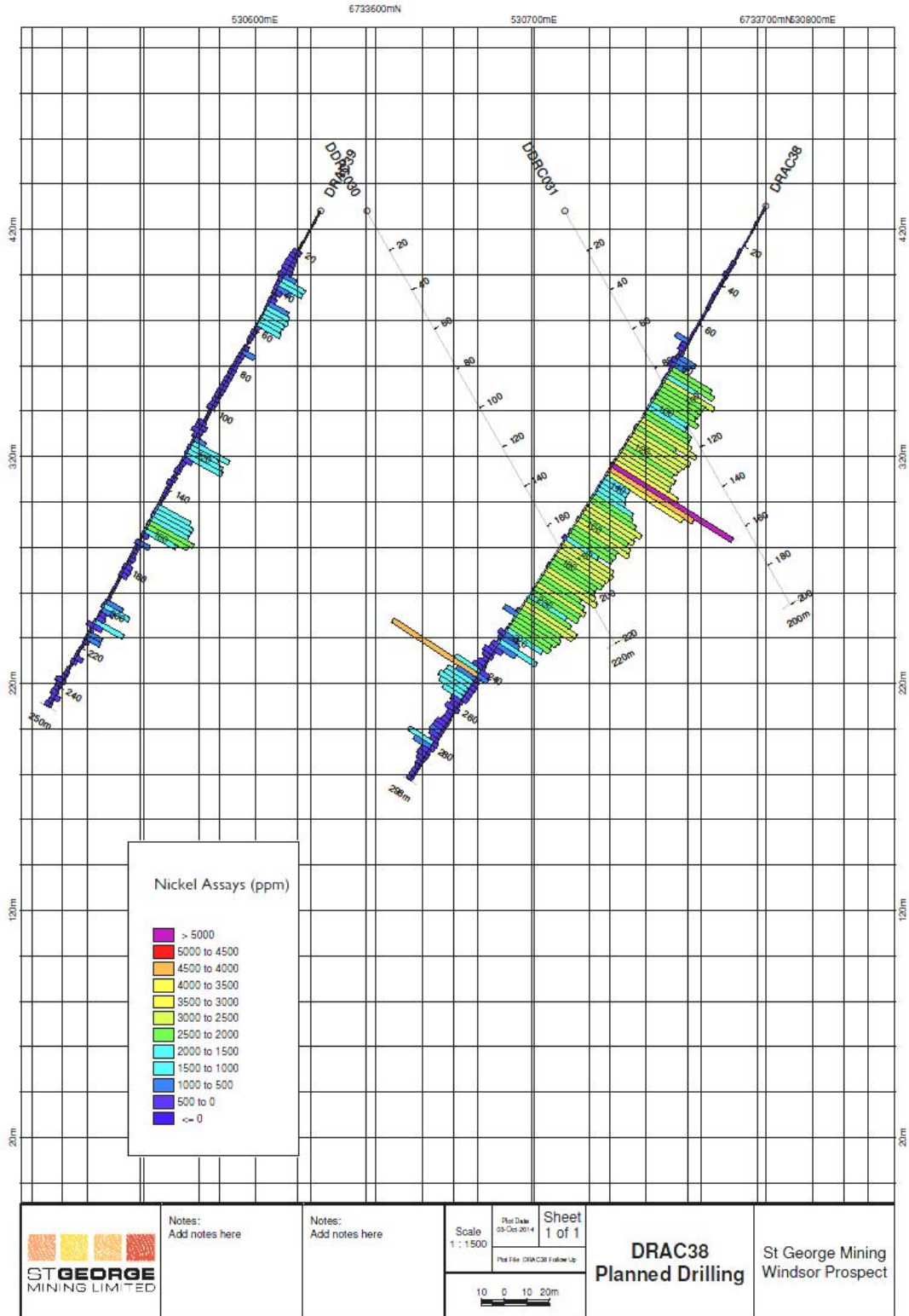


Figure 3 – Cross section of DRAC38 and planned holes to follow up this high tenor nickel sulphide interval.

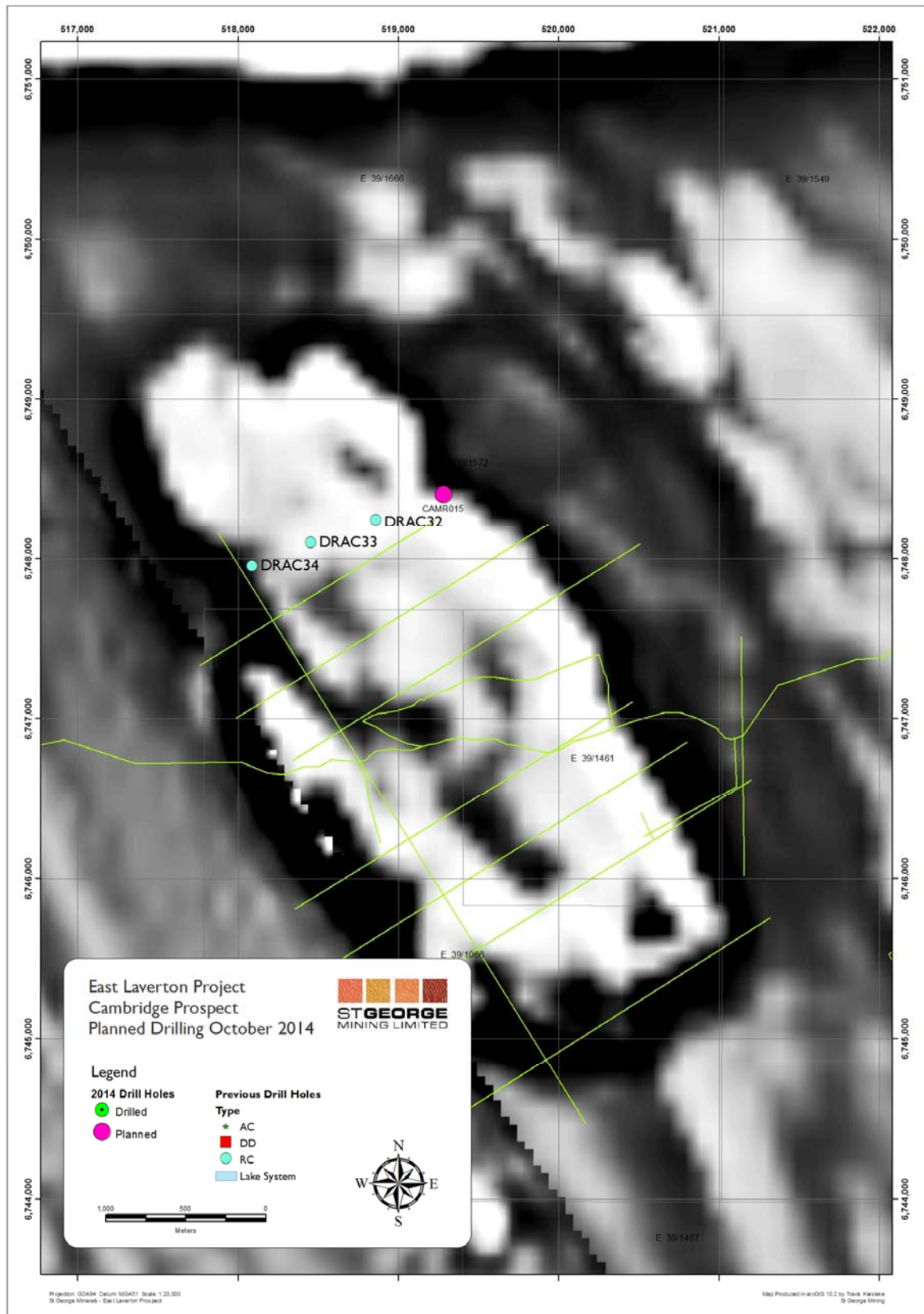


Figure 4 – A 1VD magnetic map of the large dunite body at Cambridge, with the location of planned drill hole CAMR015 to complete drilling of the fence line commenced by BHP Billiton Nickel West.

Hole ID	GDA94_51 East	GDA94_51 North	Dip	Azimuth	Total Depth	From (m)	To (m)	Width (m)	Ni (%)	S (%)	Cu (ppm)	Pt+Pd (ppb)
DRAC32	518857	6748242	-60	250	250	100	134	34	0.27	0.13	1	2
and						138	144	6	0.29	0.13	1	3
DRAC33	518452	6748096	-60	250	220	160	164	4	0.26	0.08	3	3
and						170	174	4	0.25	0.11	3	3
and						178	214	36	0.25	0.08	2	4
and						218	220	2	0.26	0.05	2	2
DRAC34	518086	6747952	-60	250	244	126	128	2	0.14	0.13	14	160
DRAC35	527150	6739401	-60	250	244	100	118	18	0.40	1.22	342	197
DRAC38	530786	6733696	-60	250	298	108	138	30	0.31	0.25	10	31
Including						132	134	2	0.62	0.56	92	53
and						152	164	12	0.26	0.16	1	3
and						172	180	8	0.26	0.21	1	2
and						186	190	4	0.26	0.19	1	3
and						194	196	2	0.25	0.21	1	3
and						204	208	4	0.27	0.22	1	4

Table 1 – Significant intersections from the 2012 drilling programme completed by BHP Billiton Nickel West and which are referred to in this ASX Release.

For further information, please contact:

John Prineas
Executive Chairman
St George Mining Limited
(+61) 411 421 253
John.prineas@stgm.com.au

Colin Hay
Professional Public Relations
(+61) 08 9388 0944 mob 0404 683 355
colin.hay@ppr.com.au

Competent Person Statement:

The information in this report that relates to exploration results is based on information previously 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.

The Company confirms that it is not aware of any new information or data that materially affects the exploration results included in any original market announcements referred to in this report and that no material change in the results has occurred. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements. This ASX announcement contains information extracted from the following reports which are available on the Company’s website at www.stgm.com.au: 9 September 2014 ‘St George Escalates Nickel Exploration’.

ASX / MEDIA RELEASE



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.