ASX / MEDIA RELEASE

ST GEORGE MINING LIMITED

3 September 2014

NICKEL SULPHIDE DRILLING AT EAST LAVERTON HIGHLIGHTS QUALITY FOLLOW-UP TARGETS FOR ST GEORGE

HIGHLIGHTS:

- **Phase 1 drilling results confirm highly prospective geology of the East Laverton Property**
- **Numerous "follow-up" nickel sulphide drill targets generated**
- **Down-hole electromagnetic (DHEM) survey identifies two strong bedrock conductors for drill testing**
- **Volcanic Massive Sulphide (VMS) potential identified with anomalous Zn + Cu drill intersection**
- **Gold mineralisation intersected in association with widespread hydrothermal alteration and large gold-in-soil anomaly**
- **Expansion of regional moving loop electromagnetic (MLEM) survey generates new nickel sulphide targets**
- **Phase 2 drilling scheduled for early October 2014**

ASSAY RESULTS CONFIRM PROSPECTIVE GEOLOGY

St George Mining Limited (ASX: **SGQ**) ('St George Mining' or 'the Company') is pleased to provide an update on its 2014 nickel sulphide drilling campaign at the Company's 100% owned East Laverton Property in Western Australia.

Laboratory assays for the drill holes completed as part of the Phase 1 drilling programme have now been received by the Company. The results are highly encouraging and confirm the favourable geology at East Laverton for massive nickel sulphides.

The Phase 1 drilling programme focussed on the testing of electromagnetic (EM) conductors identified by Newexco on a short segment of the Stella Range ultramafic belt where disseminated and veinlet nickel sulphides were previously intersected by drill holes DDNRC002, DRAC35 and DRAC38; see Figure 1. These holes, completed by BHP Billiton Nickel West and St George in 2012, are evidence of the fertile nature of the channel flow komatiites of the Stella Range belt, and their capacity to host nickel sulphide mineralisation.

Using data from MLEM and fixed loop EM (FLEM) surveys, the EM conductors tested by the Phase 1 drilling were modelled as massive nickel sulphide targets situated on ultramafic contacts of channel flow komatiites.

The completed drill holes (other than DDD012, see the section below on DHEM Survey for further detail) successfully intersected the massive sulphide targets in their expected position on the contacts of channel flow komatiites. Drill hole DDD005, which tested EM conductor DDN 1B at the Desert Dragon North nickel sulphide prospect, is a typical example of this.

Figures 2, 3 and 4 plot assay data from DDD005 and demonstrate the strong coincidence with the channel flow facies komatiites, the presence of magmatic PGE sulphides, and the concentration of massive sulphides – and are all indicative of a very favourable geological environment for nickel sulphide mineralisation.

The laboratory assays have now confirmed that the sulphides intersected at the EM conductors are secondary in nature with a low nickel content; see Table 1. The formation of secondary sulphides such as these can be the result of major structural deformation and fluid alteration events which follow the formation of nickel sulphide deposits.

In these situations, the original nickel sulphides can be remobilised and may be concentrated in favourable structural zones, such as fold hinges. The Redross nickel deposit in the Kambalda nickel field is an example where nickel sulphides were remobilised into a fold hinge with an associated increase in grade. The Flying Fox and Spotted Quoll nickel deposits at Forrestania are also examples of remobilised nickel sulphide mineralisation which have formed discrete nickel sulphide deposits.

The ultramafic belts at the East Laverton Property have major fold closures and other structurally favourable sites where nickel sulphide deposits may have formed. These sites are being closely assessed as part of our exploration targeting process at East Laverton and are expected to generate follow-up drill targets for our Phase 2 drilling programme, due to commence in October 2014.

A detailed lithogeochemical analysis of the assay results is also ongoing and will assist in the generation of additional follow-up exploration at the nickel sulphide prospects.

St George Mining Executive Chairman, John Prineas, said:
"Drilling results continue to show that East Laverton has thick sequences of high MgO komatiites in a sulphide-rich environment, which is geologically very similar to the Agnew Wiluna belt.

"We are in the right place geologically and have a large pipeline of prospects. Some of these have been drilled and warrant immediate follow-up exploration, while other prospects are still to be tested.

"We are looking forward to the Phase 2 drilling programme in October and are finalising some outstanding drill targets. We expect to be testing some new, high quality EM conductors as well as carrying out some follow-up drilling at prospects where nickel mineralisation has already been identified."

GROWING PIPELINE OF HIGH PRIORITY PROSPECTS

The results of the Phase 1 drilling programme have provided a greater understanding of the geology at East Laverton which has allowed St George Mining to significantly advance exploration targeting for nickel sulphide mineralisation.

A number of new nickel sulphide drill targets are being generated to add to the strong pipeline of prospects over the three ultramafic belts covering St George's large tenement package.

New EM conductors are being identified at prospects where the area is amenable to EM surveys. Other prospects, with areas where EM surveys are not as effective due to conductive ground cover or the dominant electrical response of sulphidic sediments, will be explored by a combination of drilling and geophysical techniques.

Follow-up exploration is also being planned for the prospects where nickel sulphides have already been successfully identified by drill holes DRAC35, DRAC38 and DDNRC002.

A further announcement regarding the growing pipeline of high priority prospects and the Phase 2 drilling programme will be made soon.

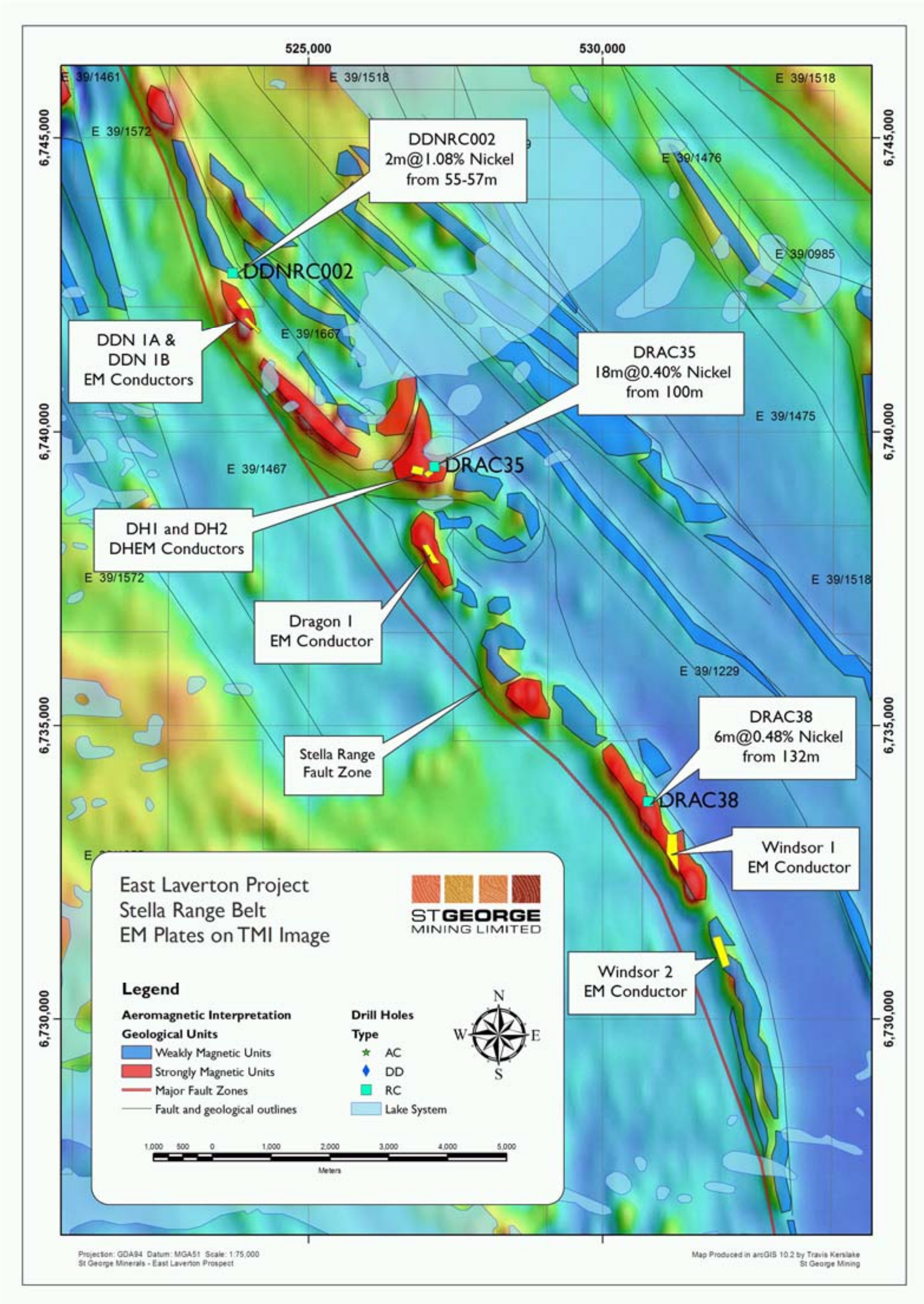

Figure 1 – this map highlights the section of the Stella Range belt that was the focus of the Phase 1 nickel sulphide drilling programme. A number of immediate follow-up targets have been generated here. The remainder of the +60km belt is being explored through St George's strong pipeline of prospects.

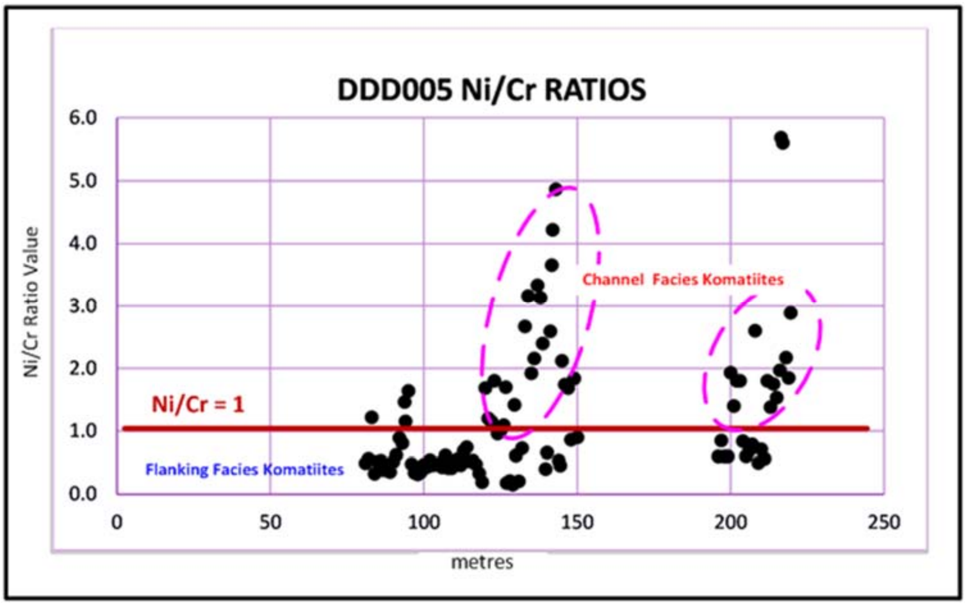

Figure 2- Prospective channel-facies komatiite sequences are determined by a nickel/chrome ratios of greater than one. Less prospective marginal-facies komatiites are determined by a nickel/chrome ratio of less than one. The sulphides intersected this drilling were intersected on the channel-facies contacts as in DDD005.

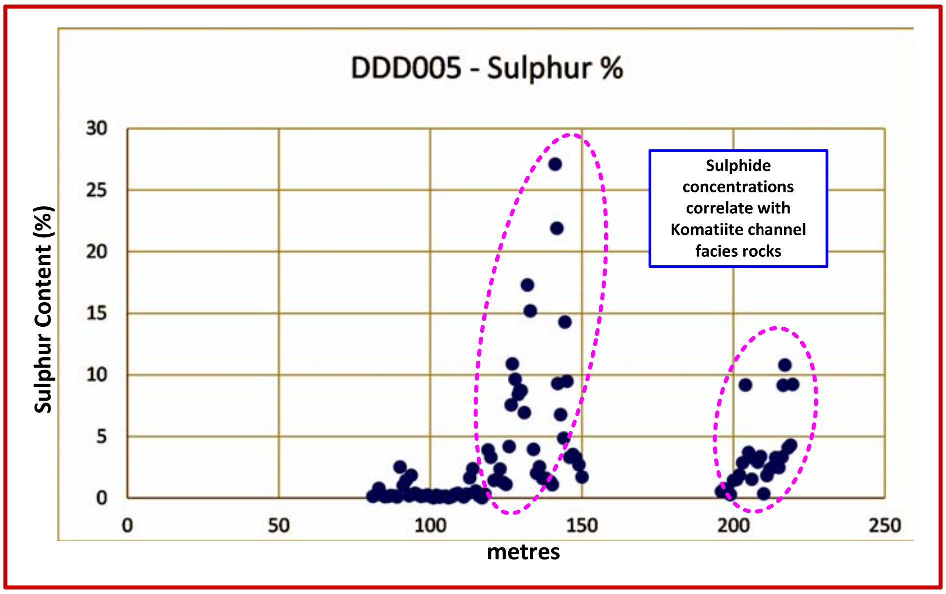

Figure 3 – This graphic shows the close correlation between the enhanced sulphides content and the channel facies ultramafic rocks in DDD005.

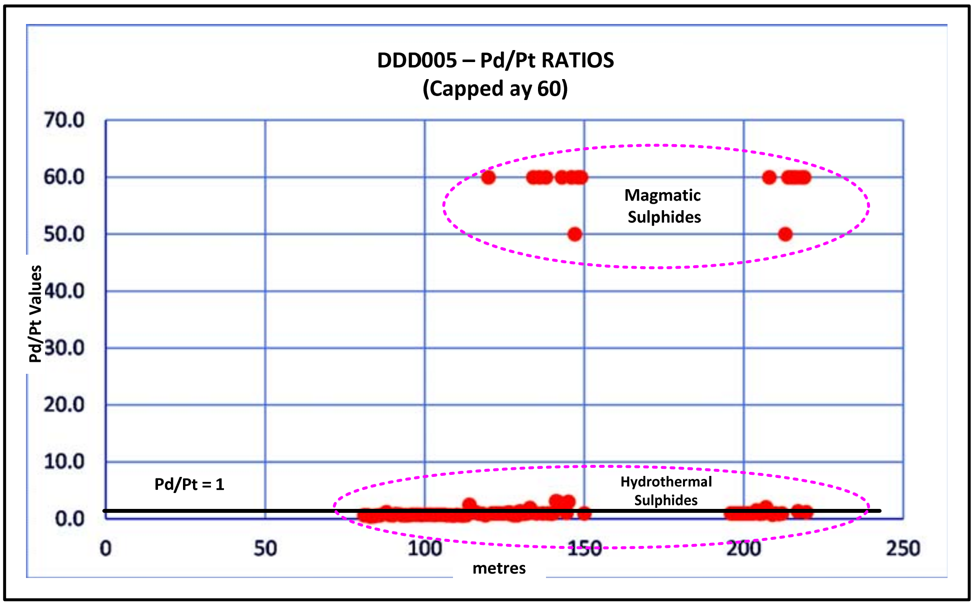

Figure 4 - This graphic shows the correlation between the magmatic sulphides and the favourable channel flow ultramafics at DDD005, supporting the more prospective nature of this type of komatiite rock.

DHEM SURVEY

A DHEM survey has been completed in nine holes drilled during the Phase 1 drilling programme. The DHEM data indicates that all the modelled EM conductors were successfully intersected by the initial drilling, except EM conductor Dragon 1B that was tested by drill hole DDD012.

A single, well defined off-hole EM response was recorded by the DHEM survey in DDD012, indicating that the hole missed the target conductor modelled from the MLEM and FLEM data. The EM response from this conductor appears to have been obscured by a proximal EM response believed to be related to a formational conductor.

The data from the DHEM survey has provided additional modelling constraints for the conductor, refining the target's location. The more refined off-hole EM response may represent a massive nickel sulphide deposit that was masked by the larger formational conductor, and which prevented accurate modelling by the original surface MLEM and FLEM data.

NEW VOLCANIC MASSIVE SULPHIDE (VMS) PROSPECT

Assay results for drill hole DDD011 have confirmed an interval of anomalous zinc and copper sulphide mineralisation: see Table 2.

DDD011 was completed to test EM conductor Dragon 2, identified by the MLEM survey along the Stella Range belt. The target possibilities were that this could be secondary remobilisation of nickel sulphides or base metals in massive sulphide form.

The zinc-rich mineralisation and the associated geochemistry of DDD011 suggest that this drill hole intersected an area typical of a marginal facies in a VMS system.

Importantly, the Dragon 2 conductor tested by DDD011 is part of a substantial and complex, conductive bedrock source that extends into an adjacent conductor (Dragon 3), which has yet to be drilled.

Our technical team is continuing to review this exploration target and a more detailed announcement on this exciting new prospect will be released by the Company shortly.

Hole Id	Easting (m)	Northing (m)	Depth (m)	Azimuth (deg)	Dip (deg)	From (m)	To (m)	Width (m)	Zn (%)	Cu (%)
DDD011	527480	6735350	222.6	200	-60	69	88.25	19.25	0.35	0.1
Incl.						73	74	1	0.54	
						82	84	2	0.49	

Table 2 – Significant interval in DDD011 showing zinc and copper mineralisation

GOLD MINERALISATION DISCOVERED

Drill hole DDD010 encountered a significant intersection of gold mineralisation on the Stella Range belt, a greenstone ultramafic belt. Gold exploration at the Stella Range is at an early stage, and this represents the most significant primary gold intersection to date: see Table 3.

Although the gold interval is relatively low grade, it is considered significant because it is located within a favourable structural setting. Zones of extensive hydrothermal (carbonate-sericite-chlorite) alteration, typical for well-endowed gold fields, were identified in drilling further to the north of the belt.

Gold mineralisation was encountered by a single broad spaced drill hole. Significantly, the gold interval is open along strike and is located beneath a prominent gold soil geochemical anomaly identified by the Company in its 2011 soil survey of the Desert Dragon gold prospect.

Further analysis of the gold mineralisation is underway by our technical team, and a further more detailed announcement on the Desert Dragon gold prospect will be made shortly.

Hole Id	Easting (m)	Northing (m)	Depth (m)	Azimuth (deg)	Dip (deg)	From (m)	To (m)	Width (m)	Au (g/t)	Sulphur (%)
DDD010	527100	6737850	222.6	90	-60	146	152	6	0.70	9.8
Incl.						149	151	2	1.42	

Table 3 – Significant gold interval in DDD010

EXPANSION OF MLEM SURVEY

The regional MLEM survey at the East Laverton Property has re-commenced. The Athena nickel prospect and Cambridge North nickel prospect are the first high priority areas to be surveyed.

The MLEM survey will then move to the unexplored eastern flank of the Desert Dragon North nickel prospect and the Aphrodite nickel prospect, located at the southern end of the Stella Range belt.

EM conductors have been identified in the preliminary field data and are awaiting further modelling to refine their geometry. More information on these new nickel targets will be made available soon.

HOLE ID	EAST	NORTH	DIP	AZM	TOTAL DEPTH	FROM (m)	TO (m)	WIDTH (m)	Ni (%)	Pd+Pt (ppb)	Au (g/t)	Zn (ppm)	Cu (ppm)
DDD004	523940	6742220	-60	240	240.7	154	157	3	0.17	23			42
						216	223	7				2008	448
DDD005	524120	6741850	-60	240	240.7	126.7	128	1.3	0.02	6		1977	269
						216.4	219.55	3.15	0.01	1		2158	397
DDD006	523750	6742612	-60	240	148.7	NSI							
DDD007	523681	6742700	-60	60	255.7	NSI							
DDD008	523530	6743180	-60	240	258.6	233	234	1	0.06	121			30
DDD009	523623	6742945	-60	240	186.5	NSI							
DDD010	527100	6737850	-60	90	222.6	15	35	20	0.30	4			107
						82	105	23	0.18	11			7
						127	129	2		7		2900	774
						146	152	6			0.70	147	177
					INC.	149	151	2	0.01		1.42	200	332
DDD011	527480	6735350	-70	200	222.6	69	88.25	19.25		6		3455	938
DDD012	527720	6736300	-60	70	288.2	NSI							
BRIDD001	534955	6740390	-60	250	249.6	99	153	54	0.18	9		72	2
				And		160	162	2	0.20	5		67	10
				And		45	46	1	0.02	10	0.50	154	126
ATHDD001	546450	6740570	-60	240	345.9	102	199	98	0.21			38	1
				And		299	345.5	47.5	0.23			49	1
OXFDD001	553700	6729000	-60	240	300.6	NSI							
OXFRC002	561230	6717925	-60	240	13		HOLE ABANDONED						
WINDD001	531900	6731170	-60	90	270.6	15	44	29	0.23	25		76	37
				Including		19	20	1	0.49	103		66	28
						68	71	3	0.19	19		141	57
						82	85	3	0.23	19		61	48
WINDD002	532180	6731140	-60	90	222.6	NSI							
WINDD003	530535	6733975	-60	240	201.4	152	172.82	20.82	0.19	7		77	5

Table 1 – Assay results from the Phase 1 drilling programme. Cut-off grades used are: Ni - 0.15%; Au – 0.5 g/t; Pd – 50ppb; Pt – 50ppb; Zn – 1500ppm.

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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 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.*	This ASX Release dated 3 September 2014 reports on interim exploration results from the Company's 2014 nickel sulphide drilling campaign, a targeted drilling programme to test electromagnetic (EM) conductors and other high quality targets for massive nickel sulphide mineralisation. Drilling is being undertaken by DDH1 Drilling Pty Ltd using a Sandvik 1200 Multipurpose truck mounted drill rig. This rig has capability for diamond core, reverse circulation (RC) and mud rotary drilling. The initial drilling programme is planned to include diamond core holes with RC pre-collars and follow-up RC holes. The holes are angled to grid east at a dip of -60 degrees to optimally intersect the modelled EM plates and potential zones of mineralisation. The actual holes to be completed will be subject to ongoing management of the drilling programme based on ground conditions and exploration results. *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. 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. *RC Sampling:* All samples from the RC drilling are taken as 1m samples. Samples are sent to SGS Laboratories for assaying. Appropriate QAQC samples (standards, blanks and duplicates) were inserted into the sequences as per industry best practice. In this programme the multi-purpose diamond and RC drill rig did not have an industry standard splitter attached to facilitate collection of samples. RC samples were taken manually in the most representative way. Should any sample return any values that are anomalous, then a portable riffle splitter will be utilised to select another representative sample for assaying from the bulk sample of RC chips retained by the Company. Onsite XRF analysis is conducted on the fines from RC chips using a hand-held Olympus Innov-X Spectrum Analyser. These results are

Criteria	JORC Code explanation	Commentary
		only used for onsite interpretation and preliminary base metal assessment subject to final geochemical analysis by laboratory assays. *Down-hole electromagnetic (DHEM) survey*: A DHEM survey has been completed for certain diamond holes. The DHEM survey is designed and managed by Newexco Services Pty Ltd, 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.	*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. *RC Sampling:* For RC drill samples, geological logging of RC chips is completed at site with representative chips being stored in drill chip trays. Downhole surveys of dip and azimuth follow the same protocol as for diamond core holes. *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. *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. Assays are 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. *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 by SGS follows the same protocol as for diamond core sampling.

Criteria	JORC Code explanation	Commentary
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. 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.
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. *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. *RC Sampling:* Samples are normally collected using a cone and riffle splitter. However, in this programme, the multi-purpose diamond and RC drill rig did not have an industry standard splitter attached. RC samples were taken manually in the most representative way. If any sample returns any values that are anomalous, then a portable riffle splitter will be utilised to select another representative sample for assaying from the bulk sample of RC chips retained by the Company.
	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 drill programme. This analysis will be conducted following any economic discovery. 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 is carried out on all diamond core and RC 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 recorded lithology, mineralogy, mineralisation, structures (core only), weathering, colour and other noticeable features. Core was photographed in both dry and wet form.

Criteria	JORC Code explanation	Commentary
	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 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 SGS for analysis.
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	RC samples were taken manually in the most representative way as the multi-purpose drill rig did not have a riffle splitter to facilitate collection of samples. If any sample returns any values that are deemed anomalous, then a portable riffle splitter will be utilised to select another representative sample for assaying from the bulk sample of RC chips retained by the Company. RC samples are collected in dry form.
	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. 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. *RC Sampling:* Sample preparation for RC chips is the same as for diamond core.
	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. *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. *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 both 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. 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

Criteria	JORC Code explanation	Commentary
		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. 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 in this drilling programme.
	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 drill programme is targeting EM conductors and other high quality targets for massive nickel sulphide mineralisation. The spacing and distribution of holes is not relevant to this programme.
	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 is at the exploration stage. Mineralisation at the East Laverton Property 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 (diamond core), 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.

Criteria	JORC Code explanation	Commentary
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 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. For diamond core, a predetermined "cut sheet" serves as a tracking tool and provides a further 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 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.* *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.*	Phase 1 of the 2014 nickel sulphide drilling programme included prospects located within Exploration Licences E39/1467, E39/1229, E39/1667, E39/1520, E39/985, E39/981, E39/982 and E39/1064. 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. 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 comprised 35 RC holes for 8,560m drilled. 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 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.

Criteria	JORC Code explanation	Commentary
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 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 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. 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.
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 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.

Criteria	JORC Code explanation	Commentary
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 comprehensive report on the drill holes is provided based on laboratory assays received. A balanced report on the exploration results is contained in the body of the ASX Release. References to anomalous levels of any element identified by XRF analysis means that the element is present at a level that exceeds the level to be normally expected for that element in that geological setting. The determinations made using a mobile XRF unit are geochemical in nature. This mode of sampling seeks to define anomalous sample populations against background, rather than absolute sample values as in laboratory assays. A more definitive report on any anomalous levels of any element is provided once laboratory assays for the drill holes are received.
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