

5 February 2018

PRIVATE SERIES OPTIONS – UPDATE ON BONUS ISSUE TO SHAREHOLDERS

HIGHLIGHTS:

- **Prospectus for the Private Series Options has been lodged with ASIC**
 - **Record Date for entitlement to the bonus issue is 12 February 2018**
 - **Drilling is underway at the Windsor nickel sulphide prospect and will commence shortly at the Mt Alexander Project**
-

St George Mining Limited (ASX: **SGQ**) ('St George Mining' or 'the Company') is pleased to announce that the Prospectus for the bonus issue of Private Series Options has been lodged with ASIC (Australian Securities and Investments Commission).

These new options are unlisted and non-transferable. They will be issued for free to shareholders registered as at the Record Date of 12 February 2018 on a pro rata basis of one (1) new option for every twenty (20) ordinary shares held as at the Record Date.

The Private Series Options have an exercise price of \$0.25 and will expire on 23 April 2018 – St George's Day 2018.

A copy of the Prospectus, which outlines all the terms and conditions for the Private Series Options, is attached. The Prospectus will be mailed to eligible shareholders on 15 February 2018.

For further information, please contact:

John Prineas

Executive Chairman

St George Mining Limited

(+61) 411 421 253

John.prineas@stgm.com.au

ST GEORGE MINING LIMITED
ACN 139 308 973

BONUS ISSUE PROSPECTUS – PRIVATE SERIES OPTIONS

For a bonus issue of one (1) Option (**Bonus Option**) for every twenty (20) Shares held by those Shareholders registered at the Record Date (**Offer**). No funds will be raised as a result of the Offer.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser. This document may not be distributed in the United States.

The Bonus Options offered by this Prospectus should be considered as speculative.

TABLE OF CONTENTS

1.	CORPORATE DIRECTORY	1
2.	TIMETABLE.....	2
3.	IMPORTANT NOTES.....	3
4.	DETAILS OF THE OFFER	4
5.	PURPOSE AND EFFECT OF THE OFFER.....	7
6.	RIGHTS AND LIABILITIES ATTACHING TO SECURITIES.....	9
7.	RISK FACTORS	14
8.	ADDITIONAL INFORMATION.....	19
9.	DIRECTORS' AUTHORISATION.....	26
10.	GLOSSARY.....	27

1. CORPORATE DIRECTORY

Directors

John Prineas – Executive Chairman
Timothy Hronsky – Technical Director
Sarah Shipway – Non-Executive Director

Company Secretary

Sarah Shipway

Share Registry*

Computershare Investor Services Pty Ltd
Level 11
172 St Georges Terrace
PERTH WA 6000

Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

Registered Office

Level 1
115 Cambridge Street
WEST LEEDERVILLE WA 6007

Telephone: +61 8 9322 6600
Facsimile: +61 8 9322 6610

Website: www.stgm.com.au

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Auditor*

Stantons International (Perth)
Level 2
1 Walker Avenue
WEST PERTH WA 6005

*These entities are included for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus.

2. TIMETABLE

Announcement of the Offer to ASX	29 January 2018
Lodgement of Prospectus with ASIC and ASX and release of Appendix 3B to ASX	5 February 2018
Notice sent to Optionholders	5 February 2018
Record Date for Bonus Options	12 February 2018
Prospectus sent to Shareholders	15 February 2018
Issue Date	19 February 2018
Bonus Options Expire	23 April 2018

3. IMPORTANT NOTES

3.1 Introduction

This Prospectus is dated 5 February 2018 and was lodged with the ASIC on that date. The ASIC, ASX and each of their respective officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Bonus Options may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Bonus Options the subject of this Prospectus should be considered highly speculative.

As this is a bonus issue of Options, Shareholders are not required to apply for Bonus Options and, as such, there is no application form attached to this Prospectus.

This Prospectus is a transaction specific prospectus for an offer of options to acquire continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

3.2 Risk factors

Shareholders should be aware that there are a number of risks factors affecting the Company and the value of its Securities. The key risk factors of which Shareholders should be aware are set out in Section 7. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Bonus Options in the future. Accordingly, an investment in the Company should be considered highly speculative. Shareholders should consider consulting their professional advisers in relation to the issue of Bonus Options pursuant to this Prospectus.

4. DETAILS OF THE OFFER

4.1 The Offer

The Offer is being made as a bonus issue of one (1) Option for every twenty (20) Shares held by Shareholders registered at the Record Date, to be issued for nil consideration.

Based on the capital structure of the Company as at the date of this Prospectus, approximately 12,524,500 Bonus Options will be issued pursuant to this Offer. No funds will be raised as a result of the Offer.

All of the Bonus Options offered under this Prospectus will be issued on the terms and conditions set out in Section 6.1.

All of the Shares issued upon the future exercise of the Bonus Options offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to Section 6.2 for further information regarding the rights and liabilities attaching to the Shares.

The purpose of the Offer is set out in Section 5.1.

4.2 Minimum subscription

There is no minimum subscription.

4.3 ASX listing

The Company will not apply for Official Quotation of the Bonus Options offered pursuant to this Prospectus as the Bonus Options will be unquoted. The Bonus Options will be issued in accordance with the timetable set out at the commencement of this Prospectus.

The Company will apply for Official Quotation of the Shares issued upon exercise of the Bonus Options. The Shares will rank equally with the then issued shares of the Company. The fact that ASX may grant Official Quotation to the Shares issued upon exercise of the Bonus Options is not to be taken in any way as an indication of the merits of the Company or the Bonus Options now offered.

4.4 Issue

Bonus Options issued pursuant to the Offer will be issued in accordance with the ASX Listing Rules and the timetable set out at the commencement of this Prospectus. Holding statements for the Bonus Options issued under the Offer will be mailed as soon as practicable after their issue.

4.5 Overseas shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

No action has been taken to register or qualify the Bonus Options or otherwise permit a public offering of the Bonus Options the subject of this Prospectus in any

jurisdiction outside Australia. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any Governmental or other consents are required or whether any other formalities need to be considered and followed. If you are outside Australia it is your responsibility to obtain all necessary approvals for the issue of the Bonus Options pursuant to this Prospectus.

New Zealand

This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 (Aust) and regulations made under that Act. In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 (Aust) and the regulations made under that Act set out how the offer must be made.

There are differences in how financial products are regulated under Australian law. For example, the disclosure of fees for managed investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

Singapore

This document and any other materials relating to the Securities have not been, and will not be lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Bonus Options, may not be issued, circulated or distributed, nor may the Bonus Options be offered or sold, or be made the subject of invitation for subscription or purchase, whether directly or indirectly, to person in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures ACT, Chapter 289 of Singapore (**SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of the Company's Shares. In the event that you are not an existing holder, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Bonus Options being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

4.6 Enquiries

Any questions concerning the Offer should be directed to Sarah Shipway, Company Secretary, on +61 9322 6600.

5. PURPOSE AND EFFECT OF THE OFFER

5.1 Purpose of the Offer

The purpose of the Offer is to reward Shareholders for supporting the Company and to provide the Company with a potential source of additional capital if Bonus Options are exercised. No funds will be raised through the issue of the Bonus Options pursuant to this Prospectus, however if all the Bonus Options are exercised, the Company will receive approximately \$3,131,125.

5.2 Effect of the Offer

The principal effect of the Offer, assuming all Bonus Options offered under the Prospectus are issued, will be to increase the number of Options on issue from 28,036,714 prior to the date of this Prospectus to approximately 40,561,214 following completion of the Offer.

5.3 Effect on Balance Sheet

The Bonus Options to be issued pursuant to this Prospectus will be issued for no consideration. There will be no effect on the Company's balance sheet.

5.4 Effect on capital structure

The effect of the Offer on the capital structure of the Company, assuming all Bonus Options offered under the Prospectus are issued, is set out below.

Shares

	Number
Shares currently on issue	250,489,996
Shares offered pursuant to the Offer	Nil
Total Shares on issue after completion of the Offer and the Placement	250,489,996

Options

	Number
Options currently on issue ¹	28,036,714
Bonus Options offered pursuant to the Offer (Unlisted, exercisable at \$0.25 on or before 23 April 2018) ²	12,524,500
Total Options on issue after completion of the Offer and the Placement	40,561,214

Notes:

1. Consisting of 3,500,000 unlisted Options exercisable at \$0.25 on or before 2 December 2019 and 24,536,714 listed Options exercisable at \$0.20 on or before 30 September 2020.
2. The Bonus Options will be issued in accordance with the timetable set out at the commencement of this Prospectus.

Performance Shares¹

	Number
Performance Shares currently on issue ²	100
Performance Shares offered pursuant to the Offer	Nil
Total Performance Shares on issue after completion of the Offer³	100

Notes:

1. Terms and Conditions of Class A and Class B Performance Shares are detailed in the Notice of Meeting dated 5 October 2016.
2. Consisting of 50 Class A Performance Shares and 50 Class B Performance Shares.
3. The Company notes that the hurdles for conversion of the Performance Shares into Shares have been met, however the Performance Shares will not be converted into Shares until a date after the Record Date.

No Shares on issue are subject to escrow restrictions, either voluntary or ASX imposed.

5.5 Details of substantial holders

Based on publicly available information as at the date of this Prospectus, there are no persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue.

6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES

6.1 Bonus Option terms and conditions

The following are the terms and conditions of the Bonus Options:

(a) **Entitlement**

Each Bonus Option entitles the holder to subscribe for one Share upon exercise of the Bonus Option.

(b) **Exercise Price**

Subject to paragraph (i), the amount payable upon exercise of each Bonus Option will be \$0.25 (**Exercise Price**).

(c) **Expiry Date**

Each Bonus Option will expire at 5:00 pm (WST) on 23 April 2018 (**Expiry Date**). A Bonus Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.

(d) **Exercise Period**

The Bonus Options are exercisable at any time on or prior to the Expiry Date (**Exercise Period**).

(e) **Notice of Exercise**

The Bonus Options may be exercised during the Exercise Period by notice in writing to the Company in the manner specified on the Bonus Option certificate (**Notice of Exercise**) and payment of the Exercise Price for each Option being exercised in Australian currency by electronic funds transfer or other means of payment acceptable to the Company.

(f) **Exercise Date**

A Notice of Exercise is only effective on and from the later of the date of receipt of the Notice of Exercise and the date of receipt of the payment of the Exercise Price for each Bonus Option being exercised in cleared funds (**Exercise Date**).

(g) **Timing of issue of Shares on exercise**

Within 15 Business Days after the Exercise Date, the Company will:

- (i) issue the number of Shares required under these terms and conditions in respect of the number of Bonus Options specified in the Notice of Exercise and for which cleared funds have been received by the Company;
- (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to

ensure that an offer for sale of the Shares does not require disclosure to investors; and

- (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under (g)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

(h) **Shares issued on exercise**

Shares issued on exercise of the Bonus Options rank equally with the then issued shares of the Company.

(i) **Reconstruction of capital**

If at any time the issued capital of the Company is reconstructed, all rights of an Optionholder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

(j) **Participation in new issues**

There are no participation rights or entitlements inherent in the Bonus Options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Bonus Options without exercising the Bonus Options.

(k) **Change in exercise price**

A Bonus Option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the Bonus Option can be exercised.

(l) **Transferability**

The Bonus Options are transferable subject to any restriction or escrow arrangements imposed by ASX or under applicable Australian securities laws.

6.2 **Rights attaching to Shares**

The following is a summary of the more significant rights and liabilities attaching to Shares being the underlying securities of the Bonus Options to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) **General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain,

be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

7. RISK FACTORS

7.1 Introduction

The Bonus Options offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

7.2 Company & Industry Specific Risks

(a) Funding Risk

At the date of this Prospectus, the Company has no income producing assets and will generate losses for the foreseeable future. Until it is able to develop a project and generate appropriate cash flow, it is dependent upon being able to obtain future equity or debt funding to support long term exploration. Neither the Company nor any of the Directors nor any other party can provide any guarantee or assurance that if further funding is required, such can be raised on terms favourable to the Company (or at all).

Any additional equity funding will dilute existing Shareholders. Also, no guarantee or assurance can be given as to when a project can be developed to the stage where it will generate cash flow. As such, a project would be dependent on many factors, for example exploration success, subsequent development, commissioning and operational performance.

(b) Exploration costs

The exploration costs of the Company are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

7.3 General Risks

(a) Economic risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(b) **Exploration success**

The Company's projects are at an early stage of exploration, and potential investors should understand that mineral exploration and development are high- risk undertakings.

There can be no assurance that exploration of the projects, or any other projects that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the projects, a reduction in the cash reserves of the Company and possible relinquishment of the tenements.

(c) **Operating risks**

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its projects. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

(d) **Exploration targets and resource estimates**

The Company has identified a number of exploration targets based on geological interpretations and data and historical drilling. Insufficient data however exists to provide certainty of the mineralisation. Whilst the Company intends to undertake additional exploratory work with the aim of defining a resource, no assurances can be given that additional exploration will result in the determination of a resource. Even if a resource is identified, no assurance can be provided that it can be economically extracted.

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

(e) **Commodity price volatility and exchange rate risks**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency. This exposes the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(f) **Environmental risks**

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

In this regard, the Department of Mines, Industry Regulation and Safety, from time to time, reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

(g) **Competition risk**

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

(h) **Title risk and Native Title**

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in its tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

The tenements may extend over areas in which legitimate common law native title rights of indigenous Australians exist. The ability of the Company to gain access to its tenements and to conduct exploration, development and mining operations remains subject to any applicable native title rights and the terms of registered native title agreements.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(i) **Reliance on key management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

(j) **Market conditions**

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

(k) **Security investments**

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies.

These factors may materially affect the market price of the securities regardless of the Company's performance.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

(l) **Legislative changes, Government policy and approvals**

Changes in government regulations and policies may adversely affect the financial performance of the Company. For example, any increased rentals under the relevant mining legislation may impact on the Company's actual financial statements. The Company's capacity to explore and mine, in particular the Company's ability to explore and mine any reserves, may be affected by changes in government policy, which are beyond the control of the Company.

(m) **Economic risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's proposed activities, as well as on its ability to fund those activities.

7.4 Speculative Investment

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Bonus Options offered under this Prospectus.

Therefore, the Bonus Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Bonus Options.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers.

8. ADDITIONAL INFORMATION

8.1 Litigation

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

8.2 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Issue Date:

- (i) the annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

Date	Description of Announcement
30/01/2018	Drilling of Windsor X3 Conductor – Update
29/01/2018	Bonus Issue of Private Series Options to Shareholders
18/01/2018	Appendix 3B
17/01/2018	Drilling of EM Conductors Recommences at Windsor
15/01/2018	Quarterly Activities and Cashflow Report
09/01/2018	Assays Confirm Further High Grades Mt Alexander
03/01/2018	Appendix 3B
28/12/2017	Media Coverage on St George
21/12/2017	Drilling Continues to Extend Mineralisation at Mt Alexander
20/12/2017	Appendix 3B
15/12/2017	Assays Confirm Best Ever Intersection at Mt Alexander
11/12/2017	Drilling of EM Conductors at Windsor - Update
07/12/2017	Further Nickel-Copper Sulphides Intersected at Mt Alexander
04/12/2017	Appendix 3B
30/11/2017	Drilling at Mt Alexander - Update
28/11/2017	Expiry of Unlisted Options
27/11/2017	St George at the 121 Mining Conference
23/11/2017	Drill Programme Extended at Mt Alexander
22/11/2017	Results of Annual General Meeting
22/11/2017	St George - 2017 AGM Presentation
20/11/2017	Outstanding Intersection of Nickel-Copper Sulphides
17/11/2017	Trading Halt

Date	Description of Announcement
13/11/2017	Further High Grade Mineralisation at Mt Alexander
10/11/2017	St George Prepares to Drill EM Conductors at Windsor
30/10/2017	Appendix 3B
30/10/2017	Quarterly Activities and Cashflow Report
30/10/2017	New EM Conductors at Windsor Nickel Sulphide Prospect
26/10/2017	Drilling Commences at Mt Alexander
19/10/2017	Notice of Annual General Meeting/Proxy Form
17/10/2017	St George at the Australian Nickel Conference
09/10/2017	St George Lodges R&D Claim
06/10/2017	Change of Director's Interest Notice x2
04/10/2017	Trading of New Options
26/09/2017	RIU Investor Roadshow Presentation
20/09/2017	Annual Report to Shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.stgm.com.au.

8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest	\$0.475	1 December 2017
Lowest	\$0.115	6 and 9 November 2017
Last	\$0.22.5	2 February 2018

8.4 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or

(c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

(a) as an inducement to become, or to qualify as, a Director; or

(b) for services provided in connection with:

(i) the formation or promotion of the Company; or

(ii) the Offer.

Security holdings

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement, is set out in the table below.

Director	Shares	Performance Shares¹	Options²	Bonus Options Entitlement
John Prineas	10,214,221	20 Class A 20 Class B	1,021,422	510,711
Timothy Hronsky	1,062,500	15 Class A 15 Class B	106,250	53,125
Sarah Shipway	Nil	5 Class A 5 Class B	Nil	Nil

Notes:

1. Issue of Performance Shares approved at the Company's Annual General Meeting held on 23 November 2016. As noted in Section 5.4, the hurdles for conversion of the Performance Shares into Shares have been met, however the Performance Shares will not be converted into Shares until a date after the Record Date.
2. Listed Options, exercisable at \$0.20 on or before 30 September 2020.

Remuneration

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Directors and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$250,000 per annum.

A Director may be paid fees or other amounts (i.e. non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to Directors:

Director	Financial Year ending 30 June 2016	Financial year ending 30 June 2017	This financial year
John Prineas	\$200,510	\$246,824	\$246,824
Timothy Hronsky	\$188,760	\$235,823	\$235,823
Sarah Shipway	\$83,508	\$98,475	\$98,475

8.5 Interests of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
 - (i) its formation or promotion; or
 - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$7,500 (excluding GST and disbursements) for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has been paid fees totalling \$16,574.00 (excluding GST and disbursements) for legal services provided to the Company.

8.6 Consents

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Securities), the Directors, the persons named in the Prospectus with their consent as Proposed Directors, any underwriters, persons named in the Prospectus with their consent having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading and deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, the other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) in light of the above, only to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

8.7 Expenses of the Offer

The total expenses of the Offer are estimated to be approximately \$21,900 (excluding GST) and are expected to be applied towards the items set out in the table below:

	\$
ASIC fees	2,400
Legal fees	9,500
Printing and distribution	10,000
Total	<u>21,900</u>

8.8 Clearing House Electronic Sub-Register System (CHESS) and Issuer Sponsorship

The Company will not be issuing Bonus Option certificates. The Company is a participant in CHESS, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Bonus Options issued to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

9. **DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.



John Prineas
Executive Chairman
For and on behalf of
ST GEORGE MINING LIMITED

10. GLOSSARY

\$ means the lawful currency of the Commonwealth of Australia.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

ASX Listing Rules means the listing rules of the ASX.

Board means the board of Directors unless the context indicates otherwise.

Bonus Option means an option to acquire a Share on the terms and conditions set out in Section 6.1.

Business Day means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Company means St George Mining Limited (ACN 139 308 973).

Constitution means the constitution of the Company as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the directors of the Company as at the date of this Prospectus.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Issue Date means the issue date specified in the timetable set out at the commencement of this Prospectus.

Offer means the non-renounceable bonus issue of Options, the subject of this Prospectus.

Official Quotation means official quotation on ASX.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Prospectus means this prospectus.

Record Date means the record date specified in the timetable set out at the commencement of this Prospectus.

Section means a section of this Prospectus.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

WST means Western Standard Time as observed in Perth, Western Australia.