

17 December 2014

## **BONUS ISSUE OF NEW OPTIONS - PROSPECTUS**

St George Mining Limited (ASX: **SGQ**) ('St George Mining' or 'the Company') is pleased to attach the Prospectus for the issue of new bonus options. The proposed timetable for the issue of the bonus options is set out below.

|                                                                                                                |                  |
|----------------------------------------------------------------------------------------------------------------|------------------|
| Lodgement of Prospectus with ASIC and ASX                                                                      | 17 December 2014 |
| Shares quoted on an ex-Bonus Option entitlements basis and Bonus Options quoted on a deferred settlement basis | 31 December 2014 |
| Record Date for Bonus Options                                                                                  | 5 January 2015   |
| Prospectus sent to Shareholders                                                                                | 9 January 2015   |
| Issue Date                                                                                                     | 16 January 2015  |
| End of Bonus Options trading on deferred settlement basis                                                      | 16 January 2015  |
| Normal trading in Bonus Options                                                                                | 19 January 2015  |
| Bonus Options Expire                                                                                           | 30 June 2017     |

The new options are to be issued on a pro rata basis of one new option for every ten ordinary shares held by shareholders as at the Record Date. The option entitlement will be issued for nil consideration.

Anyone who wishes to acquire the new options simply needs to be a registered shareholder in the Company on the Record Date. No application form will need to be completed.

The Company will apply for Official Quotation of the new options on the ASX under the ASX code 'SGQOA'.

The options will have an exercise price of \$0.20 and will expire on 30 June 2017. Further details of the new options are provided in the Prospectus.

### **For further information, please contact:**

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St George Mining Limited  
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**ST GEORGE MINING LIMITED**  
**ACN 139 308 973**

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**BONUS ISSUE PROSPECTUS**

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For a bonus issue of one (1) Option (**Bonus Option**) for every ten (10) 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.

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## TABLE OF CONTENTS

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|     |                                                      |    |
|-----|------------------------------------------------------|----|
| 1.  | CORPORATE DIRECTORY .....                            | 1  |
| 2.  | TIMETABLE .....                                      | 2  |
| 3.  | IMPORTANT NOTES .....                                | 3  |
| 4.  | DETAILS OF THE OFFER .....                           | 4  |
| 5.  | PURPOSE AND EFFECT OF THE OFFER .....                | 6  |
| 6.  | RIGHTS AND LIABILITIES ATTACHING TO SECURITIES ..... | 8  |
| 7.  | RISK FACTORS .....                                   | 11 |
| 8.  | ADDITIONAL INFORMATION .....                         | 16 |
| 9.  | DIRECTORS' AUTHORISATION .....                       | 22 |
| 10. | GLOSSARY .....                                       | 23 |

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## 1. CORPORATE DIRECTORY

### Directors

John Prineas – Executive Chairman  
Timothy Hronsky – Technical Director  
Marcus Michael – Non-Executive Director

### Registered Office

Level 1  
115 Cambridge Street  
WEST LEEDERVILLE WA 6007

### Company Secretary

Sarah Shipway

Telephone: +61 8 9322 6600

Facsimile: +61 8 9322 6610

### Share Registry\*

Computershare Investor Services Pty Ltd  
Level 2  
Reserve Bank Building  
45 St Georges Terrace  
PERTH WA 6000

Telephone: 1300 850 505

Facsimile: +61 8 9323 2033

Website: [www.stgm.com.au](http://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.

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**2. TIMETABLE**

|                                                                                                                |                  |
|----------------------------------------------------------------------------------------------------------------|------------------|
| Announcement of the Offer and Lodgement of Appendix 3B with ASX                                                | 2 December 2014  |
| Lodgement of Prospectus with ASIC and ASX                                                                      | 17 December 2014 |
| Notice sent to Optionholders                                                                                   | 17 December 2014 |
| Shares quoted on an ex-Bonus Option entitlements basis and Bonus Options quoted on a deferred settlement basis | 31 December 2014 |
| Record Date for Bonus Options                                                                                  | 5 January 2015   |
| Prospectus sent to Shareholders                                                                                | 9 January 2015   |
| Issue Date                                                                                                     | 16 January 2015  |
| End of Bonus Options trading on deferred settlement basis                                                      | 16 January 2015  |
| Normal trading in Bonus Options                                                                                | 19 January 2015  |
| Bonus Options Expire                                                                                           | 30 June 2017     |

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### **3. IMPORTANT NOTES**

#### **3.1 Introduction**

This Prospectus is dated 17 December 2014 and was lodged with the ASIC on that date. The ASIC and its 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 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 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 of this Prospectus. 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.

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## **4. DETAILS OF THE OFFER**

### **4.1 The Offer**

The Offer is being made as a bonus issue of one (1) Option for every ten (10) 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 11,183,181 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 of this Prospectus.

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 of this Prospectus.

### **4.2 Minimum subscription**

There is no minimum subscription.

### **4.3 ASX listing**

Application for Official Quotation of the Bonus Options offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. The Bonus Options will be issued in accordance with the timetable set out at the commencement of this Prospectus, however they will remain unquoted until such time as the Company satisfies the quotation requirements.

The Company anticipates that quotation will occur soon after issue. If ASX does not grant Official Quotation of the Bonus Options offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by the ASIC) any Bonus Options issued will be void in accordance with section 723 of the Corporations Act.

The fact that ASX may grant Official Quotation to 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.

The Offer is being made in New Zealand pursuant to the Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand). This Prospectus contains an offer to Shareholders of continuously quoted securities and has been prepared in accordance with section 713 of the Australian Corporations Act. This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under the Securities Act 1978 (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

#### **4.6 Enquiries**

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

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## 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 \$2,236,636.

### 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 1,979,525 prior to the date of this Prospectus to approximately 13,162,706 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                                  | 111,831,806        |
| Shares offered pursuant to the Offer                       | Nil                |
| <b>Total Shares on issue after completion of the Offer</b> | <b>111,831,806</b> |

#### Options

|                                                                                                                      | Number            |
|----------------------------------------------------------------------------------------------------------------------|-------------------|
| Options currently on issue <sup>1,2</sup>                                                                            | 1,979,525         |
| Bonus Options offered pursuant to the Offer<br>(Quoted exercisable at \$0.20 on or before 30 June 2017) <sup>3</sup> | 11,183,181        |
| <b>Total Options on issue after completion of the Offer</b>                                                          | <b>13,162,706</b> |

#### Notes:

1. Consisting of 979,525 unlisted Options exercisable at \$0.30 on or before 30 June 2016 and 1,000,000 unlisted Class C Options exercisable at \$0.40 on or before 28 November 2015.
2. At the Company's Annual General Meeting held on 20 November 2014, the Company obtained Shareholder approval for the issue of 2,050,000 unlisted Options (exercisable at \$0.30 on or before 30 June 2016) to RM Capital Pty Ltd and other participating brokers for services provided pursuant to a capital raising mandate with RM Capital Pty Ltd. These Options are expected to be issued imminently.
3. The Bonus Options will be issued in accordance with the timetable set out at the commencement of this Prospectus, however they will remain unquoted until such time as the Company satisfies the quotation requirements. The Company anticipates that quotation will occur soon after issue.

## Performance Shares<sup>1</sup>

|                                                                        | Number     |
|------------------------------------------------------------------------|------------|
| Performance Shares currently on issue                                  | 100        |
| Performance Shares offered pursuant to the Offer                       | Nil        |
| <b>Total Performance Shares on issue after completion of the Offer</b> | <b>100</b> |

### Notes:

1. On the satisfaction of certain milestone events, each Performance Share converts into 100,000 Shares. Refer to the Company's 2014 Annual Report for full terms and conditions of the Performance Shares.

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 1 December 2014, those persons which (together with their associates) have a relevant interest in 5% or more of the Shares on issue are set out below:

| Shareholder                                    | Shares     | %      |
|------------------------------------------------|------------|--------|
| John Prineas                                   | 10,214,221 | 9.13%  |
| Impulzive Pty Ltd <Dawson Superannuation Fund> | 11,764,714 | 10.52% |
| Oceanic Capital Pty Ltd                        | 7,565,139  | 6.76%  |

The Offer will have no effect on the quantity of Shares held by these substantial shareholders as only Options are being issued.

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## 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) each Bonus Option entitles the holder to subscribe for one Share upon payment of \$0.20 (**Exercise Price**);
- (b) the Bonus Options are exercisable on or before 30 June 2017 at any time;
- (c) the Bonus Options will expire on 30 June 2017. Bonus Options not exercised on the expiry date will automatically lapse;
- (d) the Bonus Options may be exercised in whole or in part, by notice in writing to the Company;
- (e) holders of Bonus Options will be permitted to participate in new issues of securities only following the prior exercise of the Bonus Option, in which case the record date must be at least seven (7) Business Days, or such lesser number of days as is permitted under the ASX Listing Rules, after announcement of the new issue, to allow exercise of the Bonus Options;
- (f) Shares issued on the exercise of the Bonus Options will be issued not more than fourteen (14) days after receipt of a properly executed "form of exercise of Options" and the specified option exercise date;
- (g) Shares issued pursuant to the exercise of a Bonus Option will rank equally with the then issued Shares;
- (h) a Bonus Option does not confer the right to a change in Exercise Price or a change in the number of Shares over which the Bonus Option can be exercised; and
- (i) in the event of any reconstruction (including consolidation, subdivision, reduction or returns) of the issued capital of the Company, the number of Bonus Options or Exercise Price or both shall be reconstructed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

### 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 declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the Shareholders of such a dividend. All dividends are to be declared and paid according to the amounts paid or credited as paid on the Shares in respect of which the dividends is paid.

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 are referred to in the resolution and which plan provides for any dividend which the Directors may declare from time to time and 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, to 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 upon the exercise of the Bonus Options 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 allotment and 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.

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## **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.

#### ***Company & Industry Specific Risks***

##### **(a) Going Concern Risk**

The Company's 2014 Annual Report contains a 'going concern' note. The Company is reliant upon raising additional funds and/or successfully exploiting its mineral assets to enable it to continue as a going concern and meet its planned exploration, administration and other commitments.

In the event the Company is not successful in raising further equity or successfully exploiting its mineral assets, the Company may not be able to meet its liabilities as and when they fall due and the realisable value of the Company's current and non-current assets may be significantly less than book values.

The Directors have determined that future equity raisings or debt financing arrangements will be required to assist the funding of the Company's activities to meet the Company's objectives. There is no certainty that these will be successfully completed to provide adequate working capital for the Company. In the event that the Company is not successful in raising further equity or obtaining debt financing, there is significant uncertainty as to whether the Company can continue as a going concern, which is likely to have a material adverse effect on the Company's activities.

##### **(b) 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.

(c) **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.

**General Risks**

(d) **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.

(e) **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.

(f) **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.

(g) **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.

(h) **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.

(i) **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 Industry and Resources of Western Australia, 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.

(j) **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.

(k) **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.

(l) **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.

(m) **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.

(n) **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.

(o) **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.

(p) **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.

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## **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                  |
|------------------|----------------------------------------------|
| 17 December 2014 | Drilling Underway and New EM Targets         |
| 9 December 2014  | Change in Substantial Holding                |
| 8 December 2014  | Change in Substantial Holding                |
| 8 December 2014  | St George to Recommence Drilling             |
| 4 December 2014  | Change in Substantial Holding                |
| 2 December 2014  | Change of Director's Interest Notice         |
| 2 December 2014  | Bonus Issue of New Options                   |
| 1 December 2014  | Expiry of Options                            |
| 25 November 2014 | Drilling Encounters More Nickel Sulphides    |
| 20 November 2014 | Results of Annual General Meeting            |
| 13 November 2014 | High Impact Drilling at VMS Prospect         |
| 11 November 2014 | Downhole EM Identifies New Nickel Target     |
| 3 November 2014  | Notice to Optionholder - Revision            |
| 31 October 2014  | Notice to Optionholder                       |
| 28 October 2014  | More Nickel Sulphides in Second Nickel Hole  |
| 23 October 2014  | Nickel Sulphides in First Nickel Drill Hole  |
| 21 October 2014  | Drilling Extends VMS System                  |
| 17 October 2014  | Notice of Annual General Meeting/Proxy Form  |
| 17 October 2014  | Quarterly Activities and Cashflow Report     |
| 9 October 2014   | St George Completes Capital Raising          |
| 9 October 2014   | Media Coverage on St George Mining           |
| 9 October 2014   | St George Commences Major Drilling Programme |

| Date              | Description of Announcement                     |
|-------------------|-------------------------------------------------|
| 7 October 2014    | Ready for High Impact Drilling                  |
| 2 October 2014    | Nickel Conference Presentation                  |
| 1 October 2014    | Media Coverage on St George Mining              |
| 25 September 2014 | St George Increases Cash Resources              |
| 24 September 2014 | St George Raises \$1,750,000                    |
| 10 September 2014 | Shareholder and Investor Briefings              |
| 10 September 2014 | Investor Presentation                           |
| 10 September 2014 | St George Lodges Research and Development Claim |
| 9 September 2014  | St George Escalates Nickel Exploration          |
| 5 September 2014  | St George Identifies Significant VMS Prospect   |
| 3 September 2014  | Nickel Sulphide Drilling – Update on Phase 1    |

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](http://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 | \$0.14  | 3 October 2014   |
| Lowest  | \$0.043 | 28 November 2014 |
| Last    | \$0.061 | 16 December 2014 |

### 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 Shares <sup>1</sup> | Options                              | Bonus Options Entitlement |
|-----------------|------------|---------------------------------|--------------------------------------|---------------------------|
| John Prineas    | 10,214,221 | 30                              | Nil                                  | 1,021,422                 |
| Timothy Hronsky | 1,062,500  | 10                              | 400,000 Class C Options <sup>2</sup> | 106,250                   |
| Marcus Michael  | 2,810,668  | 15                              | Nil                                  | 281,066                   |

**Notes:**

- On the satisfaction of certain milestone events, each Performance Share converts into 100,000 Shares. Refer to the Company's 2014 Annual Report for full terms and conditions of the Performance Shares.
- Unlisted Options exercisable at \$0.40 each on or before 28 November 2015.

### **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 \$150,000 per annum.

A Director may be paid fees or other amounts (ie 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 2013 | Financial year ending 30 June 2014 | This financial year |
|--------------|------------------------------------|------------------------------------|---------------------|
| John Prineas | \$200,584                          | \$200,648                          | \$180,000           |

|                 |           |           |           |
|-----------------|-----------|-----------|-----------|
| Timothy Hronsky | \$184,022 | \$183,660 | \$180,000 |
| Marcus Michael  | \$44,574  | \$44,589  | \$40,000  |

## 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 \$5,000 (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 \$9,511 (excluding GST and disbursements) for legal services provided to the Company.

## 8.6 Consents

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;
- (b) 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 \$18,406 (excluding GST) and are expected to be applied towards the items set out in the table below:

|                           | \$            |
|---------------------------|---------------|
| ASIC fees                 | 2,290         |
| ASX fees                  | 8,116         |
| Legal fees                | 5,000         |
| Printing and distribution | 3,000         |
| <b>Total</b>              | <b>18,406</b> |

## **8.8 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing Bonus Option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES 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 CHES 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.

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**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**

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## 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 Schedule 6.1 of this Prospectus.

**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.

**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.