

ST GEORGE MINING LIMITED

19 October 2011

ASX: SGQ

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John Prineas

Executive Chairman

Tim Hronsky

Technical Director

Marcus Michael

Non-Executive Director
and Company Secretary

East Laverton Property:

- Gold, Nickel and Copper Projects
- Project Dragon (Nickel)

Pine Creek Property:

- Blue Thunder Gold Project
- White Strike Uranium Project

LOYALTY OPTION PROGRAM

HIGHLIGHTS

- **1 for 2 non-renounceable entitlements issue of options at an issue price of 1 cent per option**
- **Ex date for entitlements is 2 November 2011**
- **Loyalty options have the same terms as, and will be listed together with, the existing options listed on ASX as SGQO**

OVERVIEW OF THE LOYALTY OPTIONS

Australian gold and nickel focused explorer, St George Mining Limited (**ASX: SGQ**) (**'St George Mining'** or the **'Company'**) is pleased to announce the launch of the loyalty option program referred to in the Company's IPO Prospectus dated 16 August 2010.

Existing shareholders will be offered the opportunity to purchase one (1) new option ("**Loyalty Option**") for every two (2) shares held by them as at the record date of 8 November 2011 (**Record Date**) at a price of 1 cent per Loyalty Option ("**Loyalty Option Issue**").

The key terms of the free options are:

- the exercise price of each Loyalty Option shall be 20 cents each;
- the Company will apply to have the Loyalty Options quoted on the ASX, under the code SGQO;
- the expiry date of each Loyalty Option shall be 28 November 2014; and
- the Loyalty Options may be exercised at any time prior to expiry.

The Entitlements Issue will be made pursuant to a prospectus which was lodged with ASIC today (the "**Prospectus**").

Upon full subscription of the Entitlements Issue, 31,500,000 Loyalty Options will be issued. The total number of options on issue shall increase from 16,550,000 to 48,055,000.

The total amount to be raised upon issue of 31,500,000 Loyalty Options shall be \$315,000 (before costs). If all Loyalty Options are exercised, \$6,300,000 shall be raised by the Company.

SHORTFALL

The Directors reserve the right to place any shortfall under the Entitlements Issue with shareholders and prospective investors and to allocate any such shortfall in their absolute discretion.

USE OF FUNDS

The funds being raised will be put towards additional working capital for the Company.

TIMETABLE

The timetable for the Entitlements Issue is set out below.

Lodgement of Prospectus and Appendix 3B with ASIC (after commencement of trading), announcement of Loyalty Option Issue and dispatch of letters to Optionholders	19 October 2011
Notice sent to Shareholders	31 October 2011
Ex Date for entitlements	2 November 2011
Record Date for determining Shareholder entitlements	8 November 2011
Prospectus despatched to Shareholders and announcement that dispatch has been completed	14 November 2011
Closing Date of Offer	5:00pm (WST) on 30 November 2011
Securities quoted on a deferred settlement basis	1 December 2011
Notify ASX of under-subscriptions	5 December 2011
Despatch date/Loyalty Options entered into Shareholders' security holdings	8 December 2011
Trading of Loyalty Options issued pursuant to the Loyalty Option Issue expected to commence on ASX	9 December 2011

EXISTING OPTIONHOLDERS

Existing optionholders have no entitlement to participate in the Loyalty Option Issue program unless they exercise their existing options on or before the Record Date under the Loyalty Option Issue, being 8 November 2011. The Company will issue a letter to existing optionholders to further explain their right to participate in the Loyalty Option Issue if they exercise their options prior to the Record Date.

For further information, please contact:

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Executive Chairman

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