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ST GEORGE EXPANDS REE PROSPECT IN EMERGING EAST LAVERTON MINERAL FIELD

HIGHLIGHTS

- **New MMI soil survey expands area of carbonate rare earth alteration and confirms presence of a very large carbonatite intrusive complex extending over 60 sq km**
- **Extended alteration area (33 sq km) is dominated by near surface soil anomalies representing an iron, manganese and rare earth alteration assemblage**
- **High priority target identified with strongly coincident heavy, medium and light rare earth anomalism over an area of 2 km x 1.5 km, with drilling scheduled for Q2 2013**
- **East Laverton Property is emerging as a significant new mineral field with the potential to host large scale deposits of gold, nickel sulphide and rare earth elements**

RED DRAGON RARE EARTH PROSPECT (100% ST GEORGE)

St George Mining Limited (ASX: **SGQ**) ('St George Mining' or 'the Company') is pleased to provide an update on exploration at its 100% owned Red Dragon rare earth element (REE) Prospect at the Company's East Laverton Property in the NE Goldfields region of Western Australia.

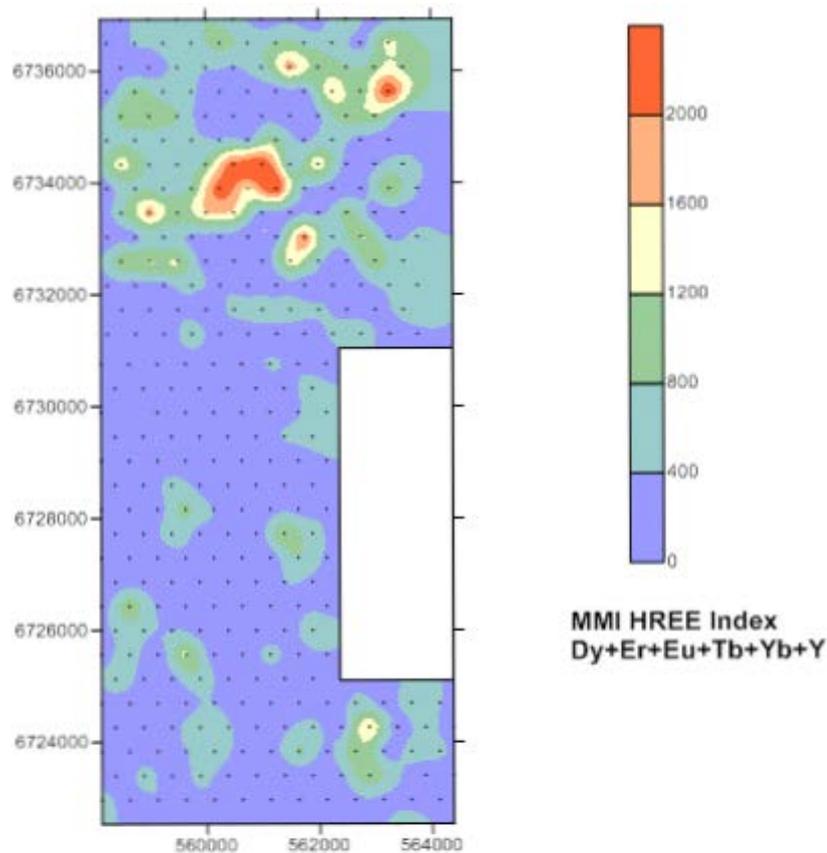
Two extensive multi-element MMI (mobile metal ion) soil geochemical surveys have identified a large carbonate and rare earth alteration footprint that extends over approximately 60 sq km. The carbonate and rare earth alteration is associated with a large carbonatite (alkaline igneous) intrusive complex. The latest survey encompassed an area of 33 sq km and initial field work suggests the vast majority of this new survey area has only thin post-mineral coverage and is deeply weathered. Limited waste stripping and the secondary enrichment of REE through weathering, are two important and value-enhancing economic factors for these types of REE deposit.

An ovoid area with coincident and strongly anomalous heavy, medium and light REE measuring 2 km x 1.5 km has been identified as a high priority target within this new survey grid. The area is strongly vegetated compared to its surrounding area, and this is consistent with elevated levels of trace elements.

The high priority target area was identified on the basis of strongly coincident light and heavy REE indices (composition of multiple heavy and multiple light rare earth elements). The area is unusual in that not only are the distribution of the light and heavy geochemical values strongly coincident, the relative magnitude of the values of these two REE indices are also very consistent. The target area also has the highest Ca (calcium) soil geochemical values, which strongly supports the potential for a large and extensive carbonatite intrusive complex closely associated with extensive rare earth mineralisation.

John Prineas, Executive Chairman of St George Mining, said:

"The rare earth potential at Red Dragon represents significant and unrealised value for St George's project pipeline. Within two field seasons, St George has established strong nickel, gold and rare earth prospects at our East Laverton Property – this is an area that we believe is emerging as a significant new mineral field with the scope for new discoveries of large mineral deposits."



**St George Mining
Red and Golden Dragon**

Figure 1 – The priority target area was identified by the MMI soil geochemical index using a multi-element HREE geochemical index. Heavy rare earth elements are comparatively less common and therefore much more valuable than light rare earth elements.

An infill multi-element MMI (mobile metal ion) soil geochemical survey is currently underway at this priority target area and will assist in generating drill targets for the reconnaissance reverse circulation drilling program scheduled for Q2 2013, the start of the 2013 field season.

The objective of the reconnaissance reverse circulation drilling program is to establish a third dimension to the extensive surface expression of what appears to be a very large carbonatite-REE complex, indicated by the current geochemical and geophysical signature. It should also provide more specific information as to the assemblage of rare earth elements and rare metals that are associated with this particular carbonatite intrusive system.

The Red Dragon REE Prospect has a similar structural setting to the Mt Weld Project of Lynas Corporation Limited, situated 130 km NW from Red Dragon. The strong iron + manganese + rare earth alteration footprint (alkali metasomatism) at Red Dragon is also strongly analogous to the Bear Lodge REE deposit in Wyoming, USA.

The Bear Lodge Project is owned by Rare Element Resources Limited and is one of the largest REE deposits in the USA. The Bear Lodge property contains significant high grade rare earth elements associated with numerous carbonatite intrusives of varying sizes, together with substantial gold mineralisation hosted within the same large alkaline-igneous complex. Carbonatites often have related sulphide mineralisation and sometimes Au, Cu and other base metal mineralisation. Drilling at Red Dragon will be tested for sulphide mineralisation as well as the full suite of REE.

Tim Hronsky, Technical Director of St George Mining, said:

“We are very happy with these latest results and once again it demonstrates that the big rewards in exploration will increasingly come from companies willing to undertake frontier exploration in environments like this.

“The large size of the REE system at Red Dragon indicated by the geophysics and geochemistry suggests we are not looking at a single intrusive body, rather some form of carbonatite intrusive complex. The current alteration signature remains open to the west and north. We will likely find other priority target areas as we progress, based on the associated soil geochemistry and geophysics. Rare earth mineralisation is associated with alteration forming at the contact between the carbonatite and wall rock. The much larger surface area associated with a multiple-phase intrusive could be economically significant in this regard.”

EAST LAVERTON PROPERTY – A NEW MINERAL FIELD

St George Mining’s East Laverton Property is on the eastern fringe of the Archean Yilgarn Craton, in close proximity to the Proterozoic Albany-Fraser Collision Zone. The East Laverton Property covers a complex uplifted geological area that has undergone limited exploration prior to being acquired by the Company.

St George Mining has built a strong foundation for its projects at East Laverton, forming a bank of technical information by investing in focused regional exploration. Exploration targeting has employed the latest technologies and incorporates the latest findings from relevant geoscientific studies. Having identified numerous significant targets in its first two complete field seasons, St George Mining believes its East Laverton Property is emerging as a new mineral field capable of hosting large scale deposits of several commodities.

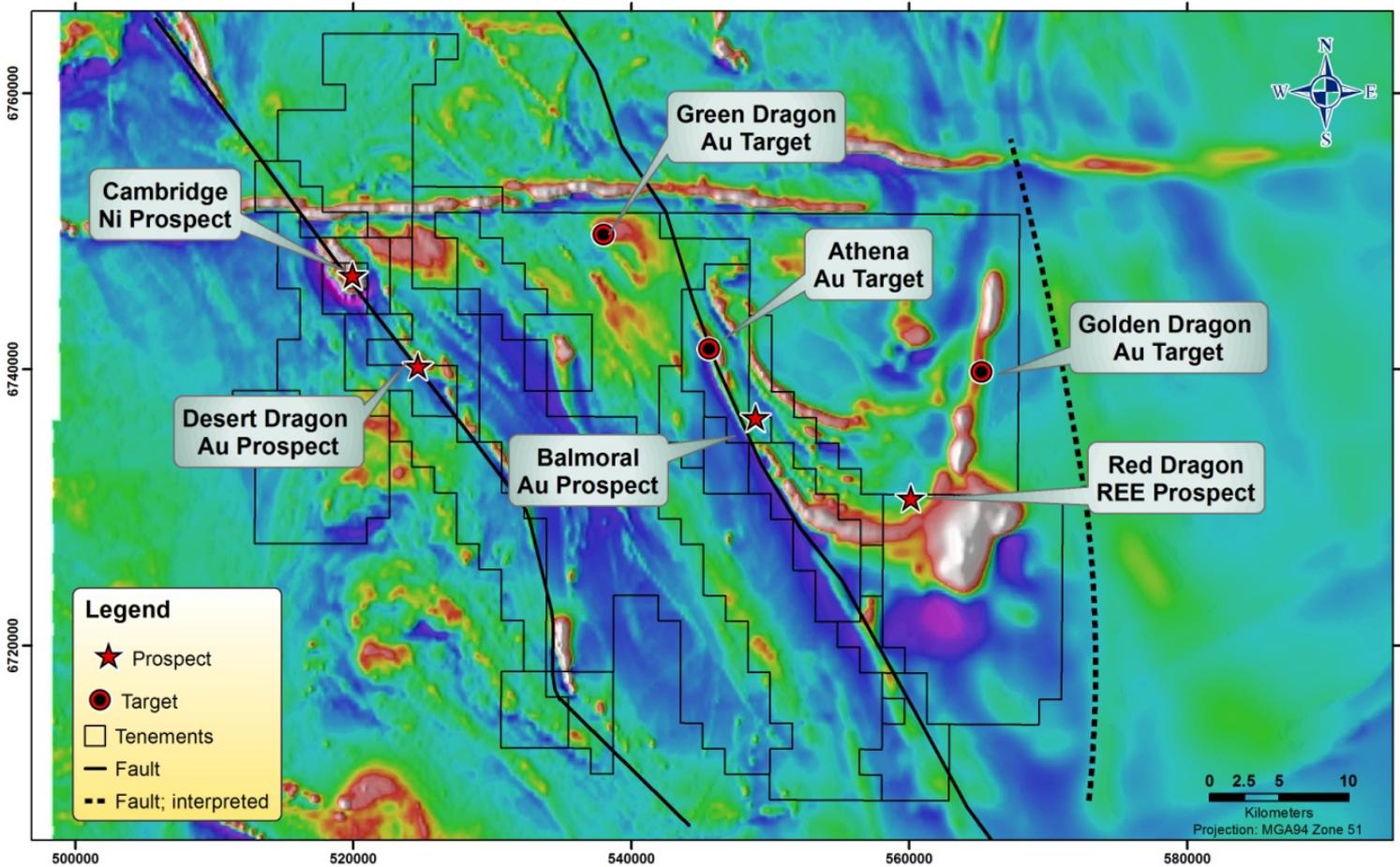
The Company believes this potential for significant mineral deposits at East Laverton is linked to its unique tectonic setting, on an old cratonic margin. Regionally, the East Laverton Property is proximal to the eastern boundary between the well-endowed Burtville Terrane and the emerging Yarmana Terrane. Locally, the Property is centred on the major regional Minigwal and Stella Range Faults which are cross-cut by a fundamental North East-South West tensional transfer fault system, locally termed the “Tropicana Trend”. This major structural confluence creates an optimal trap-site for magmatic intrusive complexes and for localising orogenic gold mineralisation.

Carbonatite intrusion is associated with major continental rifts (trans-lithospheric fault structures). The two extensive komatiite horizons present in the Western Domain of the East Laverton Property, which approximate the regional Stella Range and Minigwal faults, are consistent with this tectonic environment.

The presence of a large (igneous alkaline) carbonatite intrusive complex at Red Dragon implies that the Eastern Domain of the East Laverton Property is located within a significant tectonic and magmatic setting.

Figure 2 illustrates the major advanced prospects generated by St George Mining at the East Laverton Property and includes targets for nickel sulphide, gold and rare earths. These targets are 100% owned by St George Mining. Numerous other targets are also being generated by the Company’s continuing field work.

The high priority mineral targets are associated with the major regional faults lines which are important controls for large ore deposits, particularly for gold and nickel sulphide mineralisation.



St George Mining Limited - East Laverton Project Tenements Over Aeromagnetics



Figure 2 – St George’s high priority prospects and targets are shown over magnetics, with several of these prospects and targets being hosted by the regional fault lines that run through the East Laverton Property.

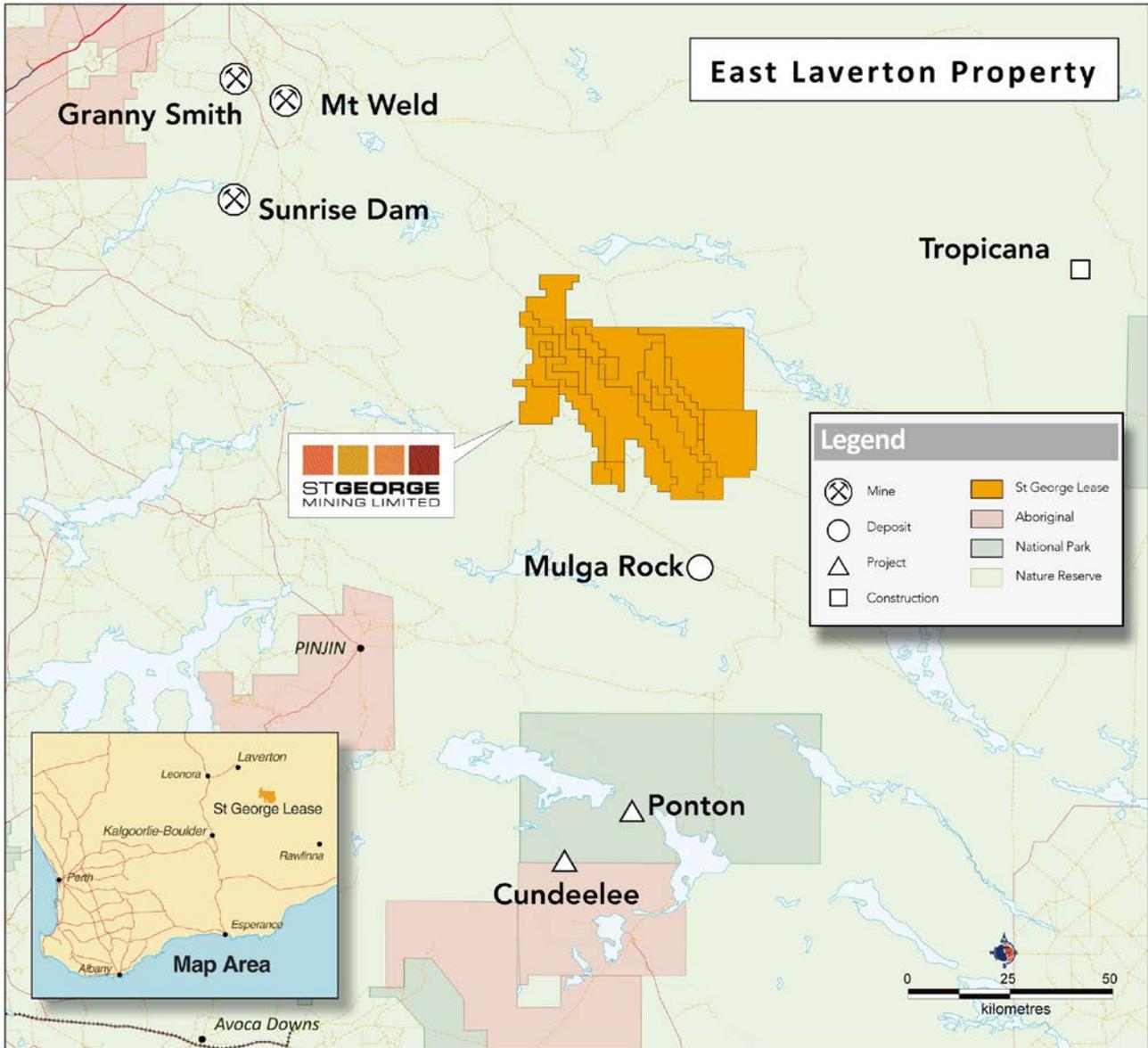


Figure 3 – a map showing St George’s tenements and other major rare earths and gold projects in the region

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COMPETENT PERSON STATEMENT:

The information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by Andrew Hawker of Hawker Geological Services Pty Ltd. Mr Hawker is a member of the Australasian Institute of Mining and Metallurgy has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking. This qualifies Mr Hawker as a “Competent Person” as defined in the 2004 edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Mr Hawker consents to the inclusion of information in this announcement in the form and context in which it appears.