ASX / MEDIA RELEASE

ST GEORGE MINING LIMITED

ASX: SGQ

ACN 139 308 973

Level 1, 115 Cambridge Street
PO Box 1305, West Leederville
WA 6007

www.stgeorgemining.com.au

Phone +618 9322 6600
Facsimile +618 9322 6610
Email info@stgm.com.au

John Prineas
Executive Chairman

Tim Hronsky
Technical Director

Marcus Michael
Non-Executive Director

Sarah Shipway
Company Secretary

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ST GEORGE CONFIRMS POTENTIAL FOR A MAJOR GOLD DISCOVERY AT EAST LAVERTON

HIGHLIGHTS

- **Large gold systems confirmed at Balmoral and at Desert Dragon, which remain open along strike**
- **Anomalous gold in drill intercepts is coincident with gold soil geochemistry, confirming the link between surface anomalies and bedrock mineralisation**
- **Athena identified as a new strong gold target**
- **Range of new gold targets identified**
- **RC drilling of high grade gold targets to continue in H2 2012**

OVERVIEW

Australian gold and nickel focused explorer, St George Mining Limited (ASX: **SGQ**) ('St George Mining' or 'the Company') is pleased to provide an update of its gold exploration activities at its 100% owned East Laverton Property, in the NE Goldfields region of Western Australia.

A large multi-phase exploration programme was completed during the 2011 field season, the first full field season since St George Mining listed on the ASX in November 2010. This exploration programme is **ongoing** with further field work to be undertaken in the second half of 2012.

The 2011 field campaign has been successful in confirming the potential of the East Laverton Property to host significant gold mineralisation, and has delivered the following key milestones:

1. Drilling at the Desert Dragon and Balmoral gold prospects intersected visibly altered basement rocks with significant intervals of disseminated sulphides.

2. Assay results returned numerous intervals of anomalous gold mineralisation throughout the drill holes.

3. An airborne magnetics survey over the Balmoral area has identified a strong magnetic response associated with the unusual gold and molybdenum (Au + Mo) geochemical anomalies.

4. Drilling has confirmed this magnetic response, coincident with the gold and molybdenum (Au + Mo) geochemical signature, is associated with late-stage mafic granites. The unusually strong Mo signature, within a greenstone dominant area, suggests the hydrothermal gold fluids at Balmoral contain a strong mantle component, which is often associated with higher grade gold mineralisation.

5. At the Athena prospect, a review of an existing MMI survey and the airborne magnetic data confirmed a gold-silver-copper anomaly occurring over 1,000 m in a structurally controlled mafic corridor between two granites – a typical structural setting for gold mineralisation.

6. A regional multi-element MMI soil geochemical survey conducted in the north of the East Laverton Property has defined a new gold anomaly ("Green Dragon") over a northerly 5,000 m trend.

7. The MMI survey over Red Dragon identified a large and prominent geochemical signature indicative of a carbonatite that is prospective for rare earths. For more details on this discovery at Red Dragon, see the Company's ASX Release dated 7 June 2012 and available on our website at www.stgm.com.au/asx-announcements.html.

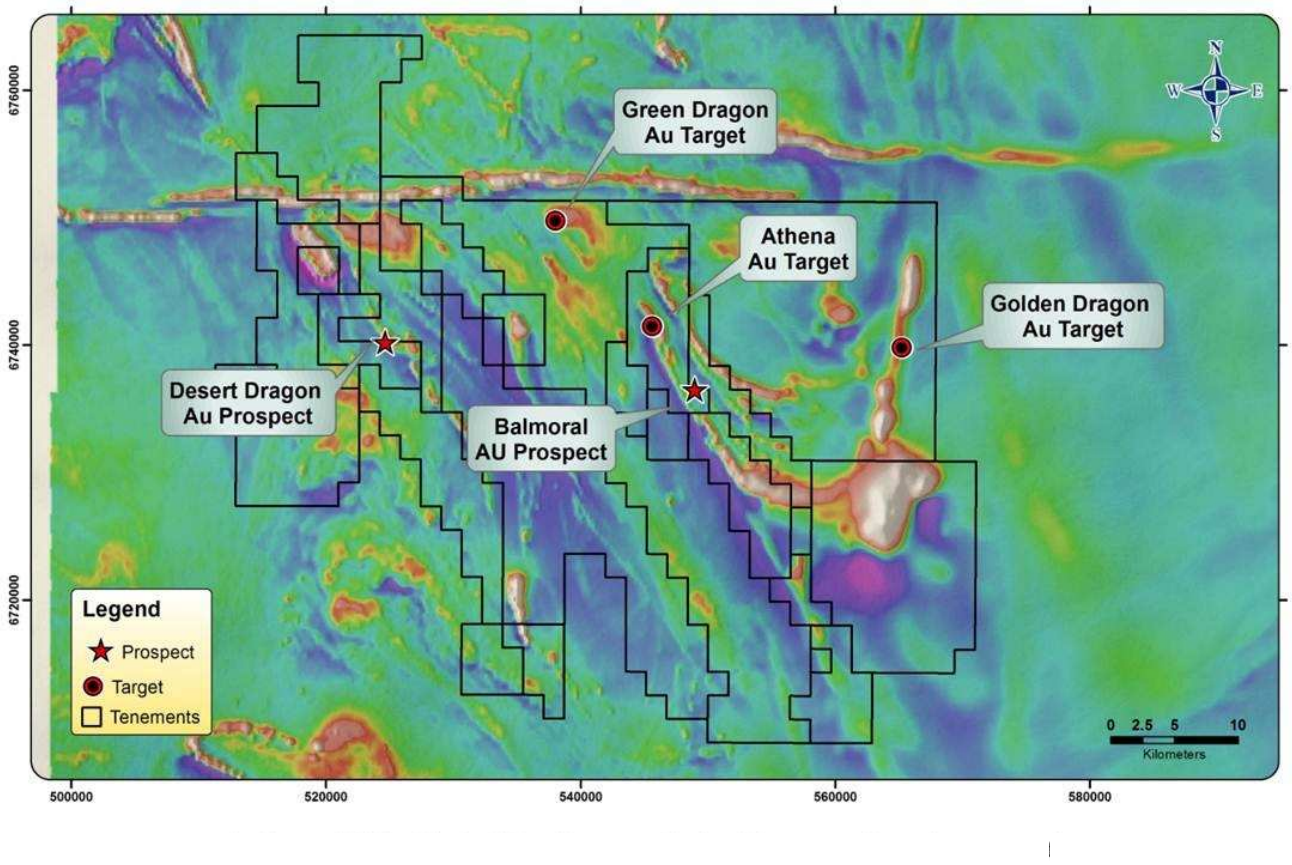

Figure 1 – gold prospects and targets at the tenements of the East Laverton Property shown against a magnetics background

The Company engaged external consultants to assist in the interpretation and review of certain aspects of the exploration work undertaken at East Laverton. Dr Alan Mann, a well known geochemist and expert on MMI exploration geochemistry, was engaged to review and comment on the MMI surveys completed at East Laverton. Southern Geoscience Consultants was retained to model and interpret the airborne magnetic survey flown in 2011 over an area that included the Balmoral and Red Dragon prospects. SRK Consulting was engaged to review the prospectivity of the Red Dragon prospect.

Tim Hronsky, Technical Director of St George Mining, said that the Company had made remarkable progress during the past year in exploring for gold at its large East Laverton Property:

"We have gone into previously unexplored and undercover areas and have confirmed two large gold systems, as well as identifying other significant gold targets. The discovery of major gold deposits in these environments requires an initial commitment to explore the larger property so that the next stage of exploration is focused on the right targets. Tropicana to the east and Gold Road's Yamarna project to the north are good examples of the benefits of employing this disciplined exploration strategy."

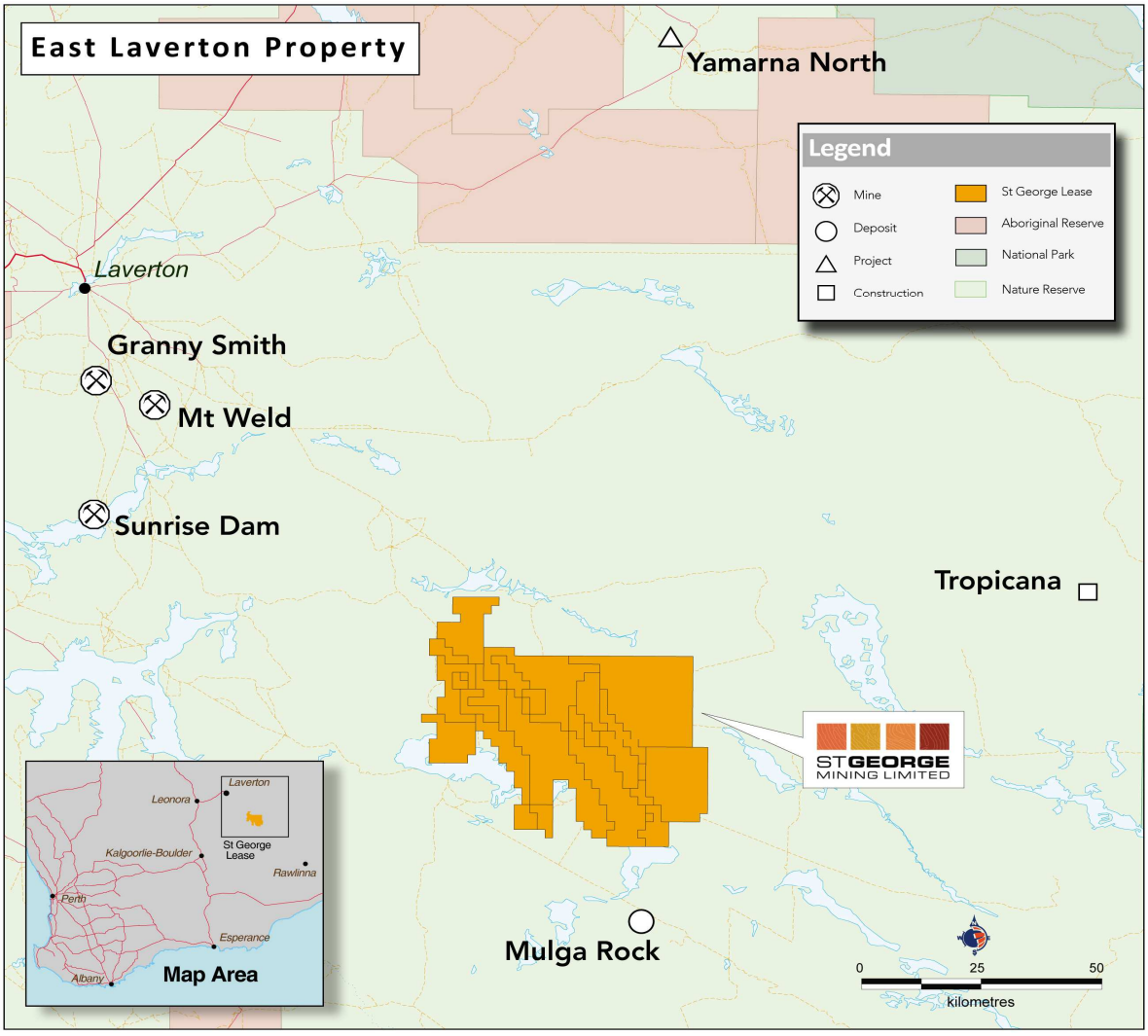

Figure 2 – a regional map showing the large St George tenement area and its proximity to major gold projects

DESERT DRAGON GOLD PROSPECT

The Desert Dragon gold prospect is situated on the Stella Range Fault, which forms the western margin of the East Laverton Property and is an important structure hosting gold and nickel-sulphide mineralisation.

During the 2011 drilling programme, the Desert Dragon prospect was tested by 22 aircore and reverse circulation (RC) holes (2,062 m). The drilling intersected numerous zones of alteration, disseminated sulphides, and low-grade gold mineralisation (see Figure 3 and Table 1). The consistency of the mineralisation over a broad area confirms the presence of a large gold system at Desert Dragon. The gold intercepts are particularly encouraging as they confirm a link between the gold responses seen in the MMI surface geochemistry and bedrock mineralisation encountered during drilling.

The exploration importance of being able to demonstrate this relationship extends beyond the Desert Dragon prospect itself, as it supports the validity of numerous other gold prospects determined by the regional MMI soil geochemical sampling.

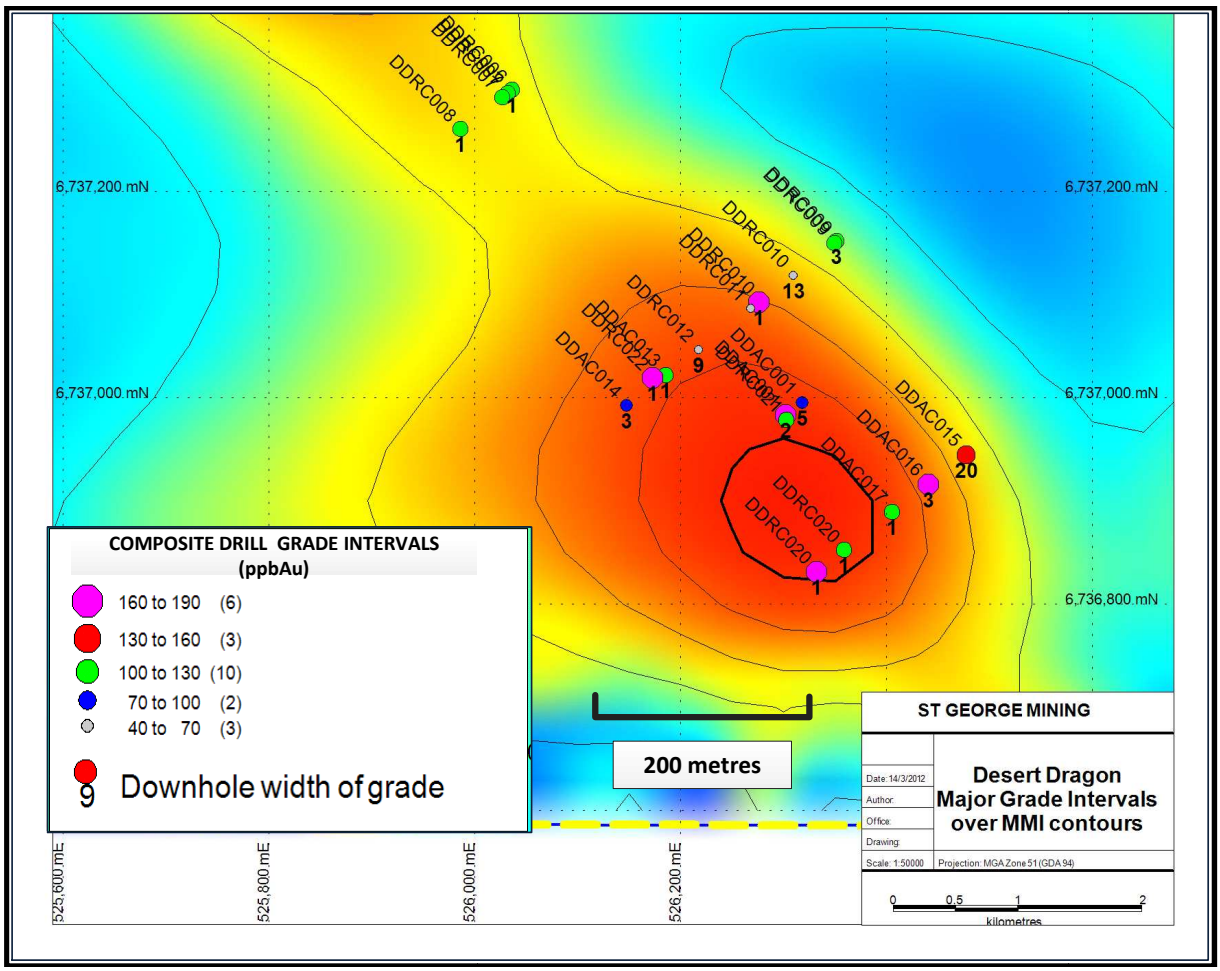

Figure 3 – Plan of composite intersections at Desert Dragon Gold Prospect. Grade range is shown colour and interval is shown by number below circle

HOLE ID	LOCATION	NORTH	EAST	AZM (deg)	DIP (deg)	DEPTH (m)	FROM (m)	TO (m)	GRADE (ppbAu)
DDAC-01	Desert Dragon	6736998	526320.5	252	-60	77	8	9	190
							45	47	170
DDAC-14	Desert Dragon	6737001	526158	232	-60	71	26	29	73
DDAC-15	Desert Dragon	6736951	526485	232	-60	64	12	21	225
DDAC-15							30	31	500
DDAC-16	Desert Dragon	6736920	526446	232	-60	69	13	16	183

Table 1 – a summary of drill intersections at Desert Dragon

The style of alteration and sulphide mineralisation intersected at Desert Dragon is one commonly associated with economic gold mineralisation in the Laverton region. This suggests the location of the 2011 drill holes is peripheral to the main gold system at Desert Dragon, which may be situated at greater depth and/or laterally to the north.

The majority of the Desert Dragon shear zone remains to be drill tested, including the highly prospective Desert Dragon North prospect, where the highest gold values in the regional MMI soil geochemical survey were recorded.

New high priority gold drill targets at Desert Dragon will be incorporated into the next drill programme at East Laverton, and will include a focus on the Desert Dragon North prospect.

BALMORAL GOLD PROSPECTS

About Balmoral

The Balmoral prospect has a large and zoned geochemical foot print that is consistent with a composite hydrothermal system. The core 3,000 m x 2,000 m area at Balmoral contains three discrete gold areas at Balmoral North, Balmoral West and Balmoral South (see Figure 4).

The broad and consistent nickel (Ni) values shown in the MMI soil survey at Balmoral indicate this is dominantly a mafic (greenstone) domain. Regionally, Balmoral presents as a large ovoid area of demagnetisation that is indicative of a significant magnetite destruction associated with hydrothermal fluid circulation and alteration. It is situated on the major NW trending Minigwal Fault, which forms the western margin of the East Laverton Property.

Balmoral North is a broad east-west orientated gold (Au) geochemical anomaly, with strongly anomalous levels of silver (Ag) and copper (Cu). The gold-silver association is similar to Eastern Goldfields shear zone hosted deposits and is typical of gold mineralisation in the Yilgarn. The high levels of silver suggest a strong contribution of ambient (meteoric and metamorphic) fluids during gold mineralisation.

Balmoral West and Balmoral South are more discrete gold (Au) anomalies with a strong molybdenum (Mo) association but do not have any appreciable silver levels present. The high levels of molybdenum and the absence of silver suggest the hydrothermal gold fluids have a strong mantle component, which can be linked to higher grade gold mineralisation.

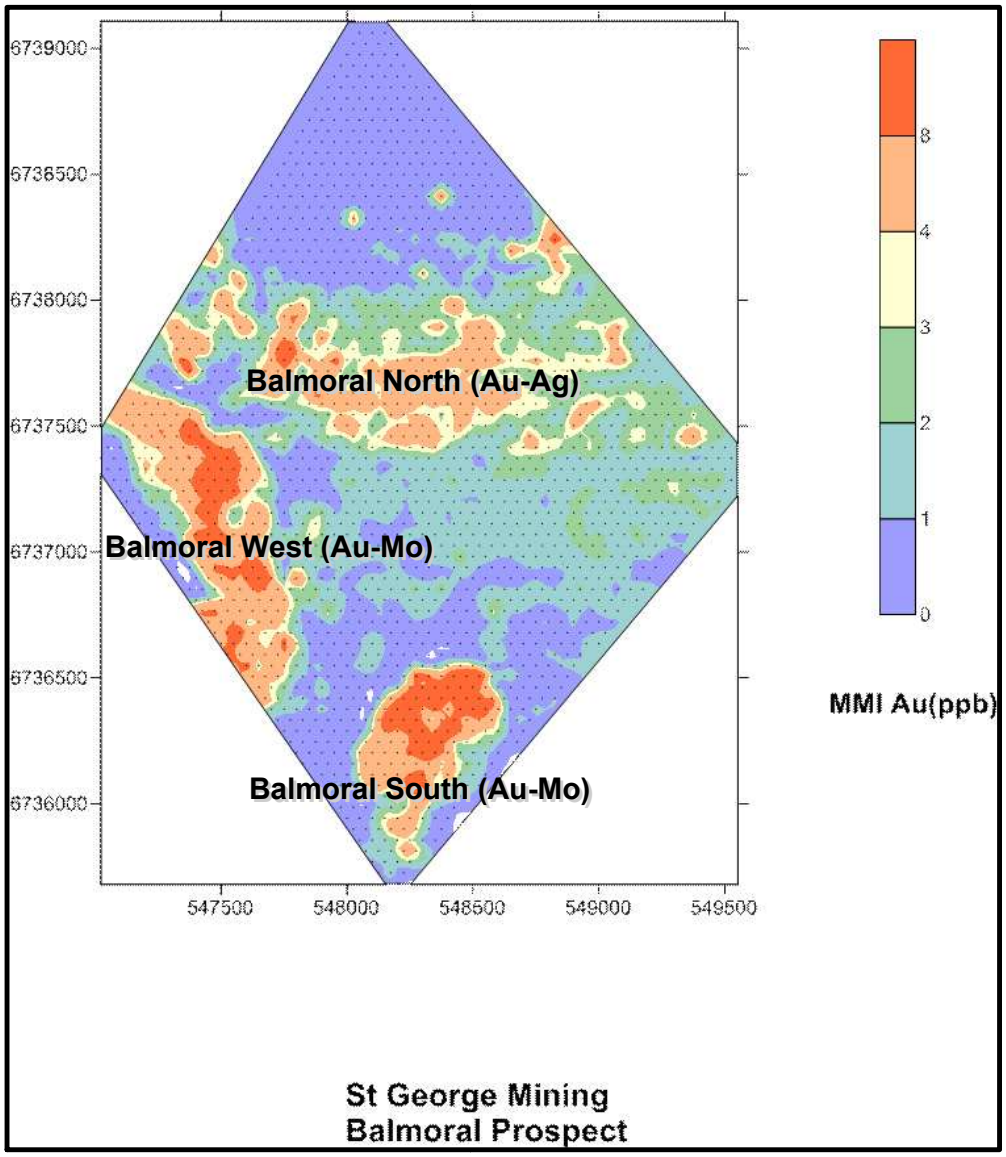

Figure 4 – The three gold zones at the Balmoral prospect, each have distinct geochemical signatures (Au-Mo or Au-Ag)

2011 Field Work

An airborne magnetic survey was flown over the Balmoral area during the 2011 field season and 8 reconnaissance drill holes (for a total of 637 m of drilling) were completed at Balmoral North and Balmoral West. Results of the airborne magnetic survey and drilling were reviewed together with the 2011 MMI soil geochemical sampling. This technical review has affirmed the high prospectivity of Balmoral for a major gold discovery.

Geochemical indexes were used to assess and define prospective areas within the larger target zone. The sample values of multiple elements, which commonly occur together in an ore system, are multiplied to form a single composite value.

The use of this geochemical index technique resulted in the recognition of two distinct styles of gold mineralisation being present at Balmoral.

Balmoral North has a strong Au-Ag-Cu (gold-silver-copper) association and an Au*Ag index is applicable. In contrast, Balmoral West and Balmoral South have a strong Au-Mo (gold-molybdenum) association with low silver and copper and an Au*Mo index is applicable. These differences reflect local variations in the fluid chemistry within the larger gold system. The presence of molybdenum (Mo) in a greenstone-mafic setting suggests a strong mantle component in the hydrothermal fluids. A mantle association in gold fluids can be linked to high gold grades.

At Balmoral West, the magnetic survey showed a strong coincidence between higher magnetic areas and the gold + molybdenum geochemistry. The drill holes intersected zones of silicification and carbonate alteration associated with geochemically elevated gold levels.

The coincidence of the high magnetic areas with the gold anomalies is thought to be related to an ultramafic host rock and what appears to be late-stage, sulphidic mafic-granitoids that were encountered by the drilling at Balmoral West.

This suggests the presence of a complex magmatic-hydrothermal system associated with the gold anomalies identified by the MMI soil survey. The mantle source of these primitive mafic granites, emplaced during a discrete extensional phase explains the strong gold + molybdenum (Au + Mo) association at Balmoral West.

In contrast, the higher Au*Ag values at Balmoral North appear to correlate better with lower magnetic zones.

The composite geological setting at Balmoral indicates significant diversity and variation between the geochemical and geophysical characteristics of the gold associations, and is consistent with a large and complex hydrothermal gold system at Balmoral. Exploration will now focus on defining the higher grade zones within this broad target.

The Balmoral prospect requires further and focused drill testing based on the growing understanding of this gold prospect. The gold-silver (Au*Ag) and gold-molybdenum (Au*Mo) geochemical indexes will be employed to assist in the placement of further drill holes at Balmoral (see Figure 5). This technique is designed to better define potentially higher grade areas of gold mineralisation based on these key geochemical associations.

Tim Hronsky, Technical Director of St George Mining said: “While Balmoral is a large and enigmatic gold system, we are steadily building our understanding of the prospect from the structural, geological, geochemical and now geophysical data sets.

“Everything tells us that we are in the right place for a major gold discovery.

“More sophisticated modelling of the geochemical and magnetic data will help us further refine the planned drill targets for 2012.”

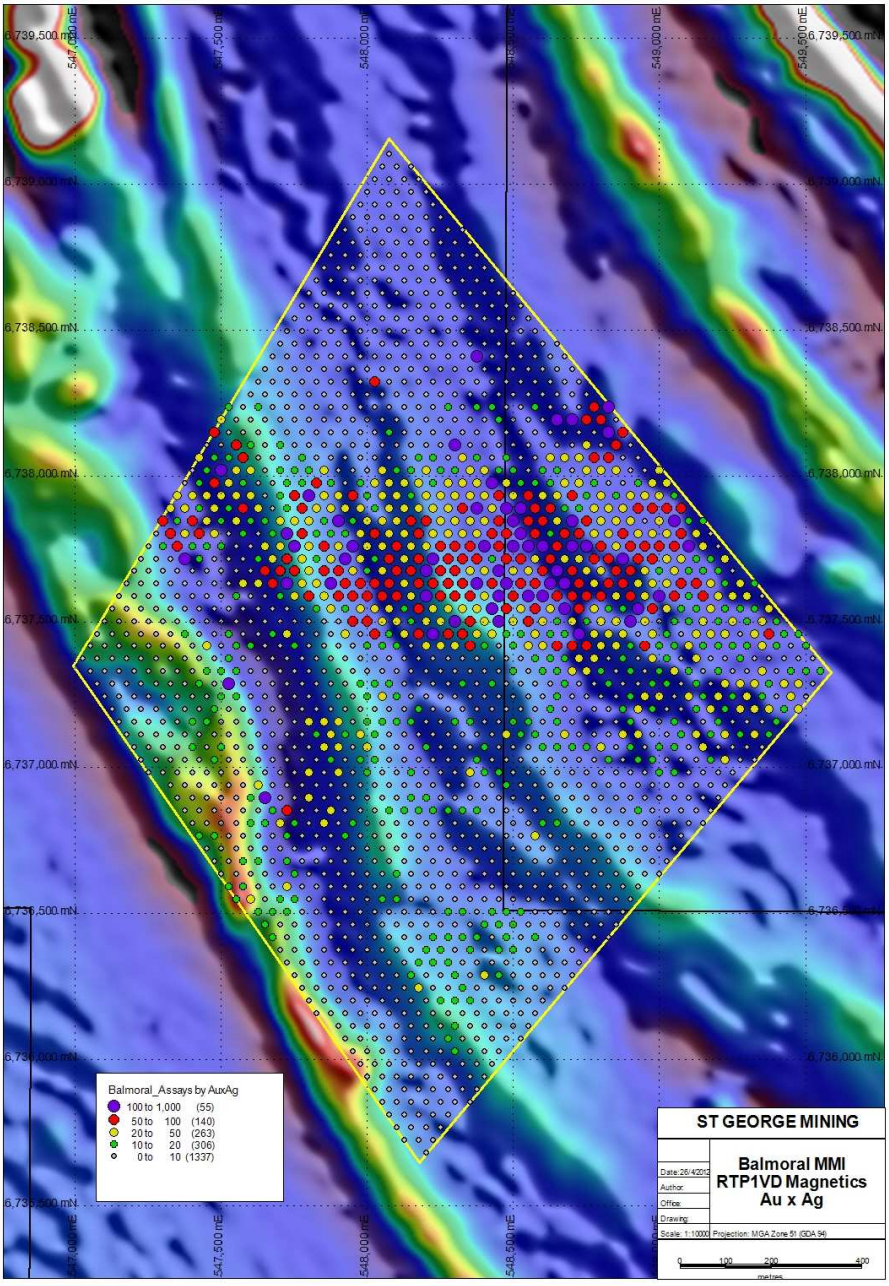

*Figure 5 – Au*Ag anomaly at Balmoral North shown against a magnetics background illustrates numerous high value responses associated with zones of lower magnetic response*

NEW GOLD TARGETS

The review of the regional MMI soil survey and regional geophysical data set has identified a number of new gold targets at Golden Dragon, Green Dragon and Athena. The MMI survey has proven to be effective in the mapping of structures undercover and has allowed us to determine the broad greenstone, ultramafic and granite domains at the East Laverton Property.

The high level of structurally controlled gold anomalism (compared to background) that occurs throughout the property, the geophysical data and the multi-element associations are strong indicators for the endowment at East Laverton, and the potential of a major gold discovery.

Green Dragon

The Green Dragon gold target was identified through a regional multi element MMI soil survey. The target is a large gold geochemical response covering a 5,000 m northerly trend. Further infill MMI sampling will refine this large gold anomaly, and identify drill targets. It appears to be situated on the northern extension of the Minigwal Fault.

Athena

Athena is a discrete gold target, where a strongly anomalous gold-silver-copper response occurs for over 1,000 m. The area is underlain by greenstone (mafic rocks) that form a structurally controlled corridor flanked by granites (see Figure 6). The granite-greenstone contact zones are common settings for localising gold mineralisation in the Laverton area.

The southern end of Athena abuts a large chrome anomaly, which may be indicative of a mafic intrusive (gabbro). The chrome soil anomaly extends of 5,000 m and is roughly coincident with a similarly sized arsenic anomaly.

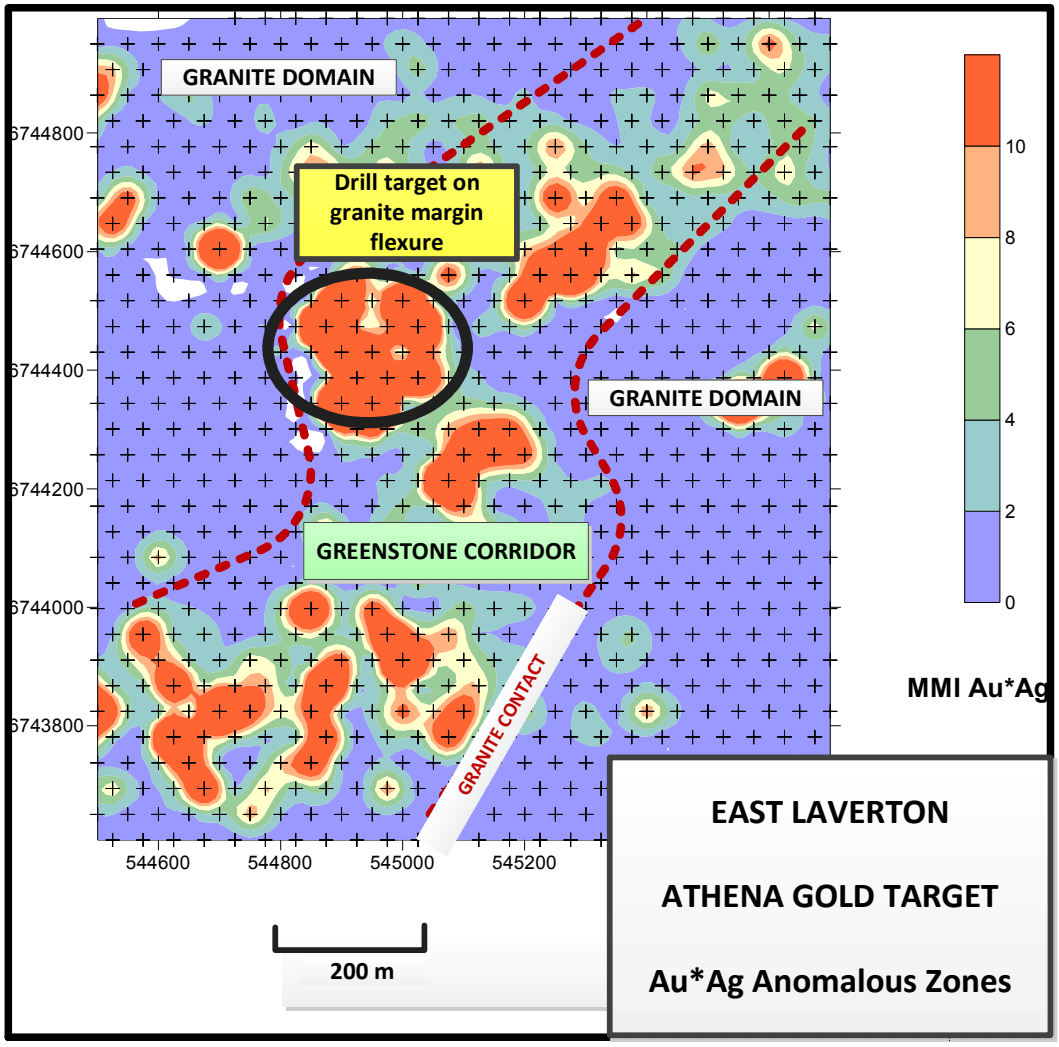

*Figure 6 - (Au*Ag) anomalies at Athena Gold target are used to locate the key drill target area, which is located in flexure zone of structure on the granite-greenstone margin*

Golden Dragon

The Golden Dragon gold target was generated using available geochemical, geophysical and exploration data. The target appears to correlate with a strongly demagnetised zone that matches a right-lateral extensional structure within a local NW trending shear zone. It appears to be located on the eastern margin of a large underlying granitoid. For more details on Golden Dragon, see the Company's ASX Release dated 14 February 2012 and available on our website at www.stgm.com.au/asx-announcements.html.

2012 DRILLING CAMPAIGN

St George Mining is currently planning its 2012 drilling campaign which is likely to consist of further RC drilling at Desert Dragon and Balmoral as well as test drilling at Green Dragon, Athena and Golden Dragon.

Further geophysical analysis of the 2011 airborne magnetic survey is continuing and the interpretation of this analysis and the MMI survey data will assist in defining priority gold drill targets for 2012. A number of prominent high grade gold targets have already been identified and the Company expects to significantly advance its gold exploration during 2012.

For further information, please contact:

John Prineas
Executive Chairman
St George Mining Limited
(+61) 411 421 253
John.prineas@stgm.com.au
www.stgeorgemining.com.au

Colin Hay
Professional Public Relations
(+61) 08 9388 0944 mob 0415 096 804
colin.hay@ppr.com.au

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.