

ST GEORGE MINING LIMITED

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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

BHP BILLITON AND ST GEORGE SIGN NICKEL EXPLORATION DEAL

HIGHLIGHTS

- BHP Billiton enters into Farm-in Agreement to explore for nickel sulphide at St George Mining's East Laverton Property.
- BHP Billiton may elect to earn a 70% interest by sole funding a bankable feasibility study, with St George Mining retaining a 30% interest.
- Extensive strike lengths of rare high magnesium oxide (MgO) ultramafics discovered on the East Laverton Property, identified as the southern continuation of the nickel rich Duketon Belt.
- Exploration activities under the Farm-in Agreement (Project Dragon) to be managed by BHP Billiton.
- St George Mining retains 100% of gold and other minerals at the East Laverton Property and will continue to advance its gold prospects.

OVERVIEW OF PROJECT DRAGON

Australian gold and nickel focused explorer, St George Mining Limited (**ASX: SGQ**) (**'St George Mining'**) is pleased to announce that through its wholly own subsidiary Desert Fox Resources Pty Ltd, it has entered into a Farm-in Agreement with BHP Billiton Nickel West Pty Ltd ("BHP Billiton").

Under the Farm-in Agreement, BHP Billiton will have the right to earn an interest in the nickel rights attaching to certain of the tenements located at St George Mining's 100% owned East Laverton Property in the North-Eastern Goldfields region of Western Australia.

The East Laverton Property is located about 130km south-east of Laverton and 200km north-east of Kalgoorlie (see Figure 1), and covers a contiguous area of 1,810 sq km.

St George Mining, which listed on the ASX on 16 November 2010 (following an over-subscribed IPO), believes that the Farm-in Agreement is a company transforming deal and an excellent strategy for the Company to advance the nickel sulphide project at the East Laverton Property.

John Prineas, Executive Chairman of St George Mining said: "The Farm-in Agreement is a giant leap forward in exploring what St George Mining believes is a major, new nickel sulphide district and we are delighted it has attracted the world's largest mining group. The outlook for the creation of significant value for our shareholders is extremely positive."

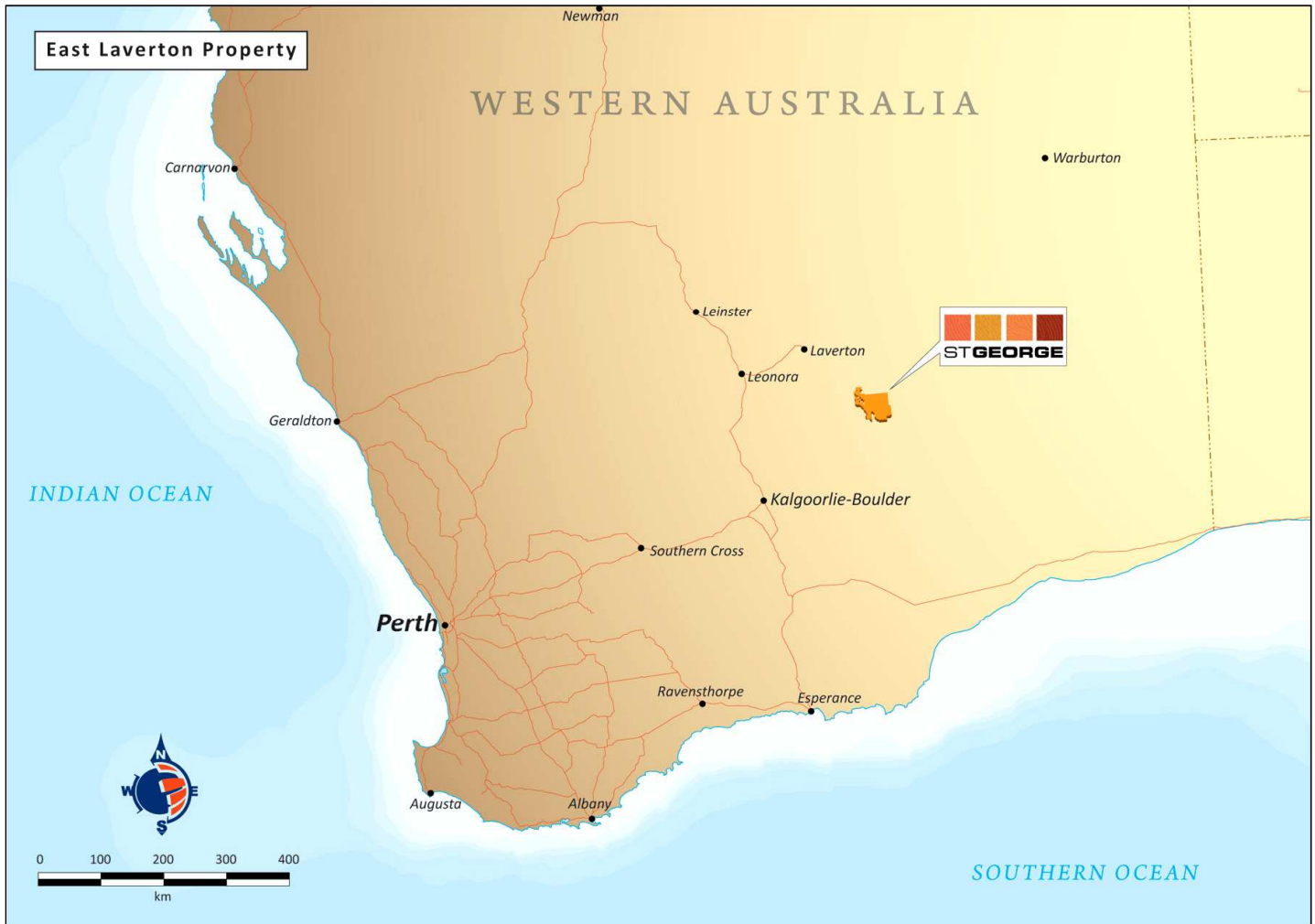


Figure 1 – Location of the East Laverton Property

NICKEL AT THE EAST LAVERTON PROPERTY

St George Mining’s tenements cover the southern continuation of the Duketon Belt. The northern part of the Duketon Belt has already yielded several recent nickel sulphide discoveries, including the Rosie Prospect (70% Independence Group NL (ASX: IGO) and 30% South Boulder Mines Limited (ASX: STB)) where drill hole TBDD098 intersected 5.20m @ 9.13% Ni, 1.09% Cu and 7.09 g/t PGE’s (Platinum Group Elements) (see STB ASX Release 3 June 2010).

Geoscience Australia (a Federal Government Agency) has identified the North Eastern Goldfields as one of the top three provinces in Australia for nickel sulphide exploration (“Australia’s Nickel Sulphide Deposits: Characteristics and New Ideas for Discovery”, Geoscience Australia: 13 October 2004).

The potential for nickel sulphide mineralisation was initially recognised at the East Laverton Property from anomalous nickel levels detected in exploration drill holes of previous gold explorers. The nickel geochemical responses were consistent with the presence of komatiitic rocks containing 40+% volatile free MgO, which typically host nickel sulphide mineralisation. There are extensive strike lengths of this high MgO komatiitic ultramafic at the East Laverton Property.

Regional geochemical soil surveys completed by St George Mining last year identified anomalous nickel and copper zones associated with settings interpreted to be komatiitic basal channel flows. The most significant of these is the Aphrodite Prospect, which showed anomalous nickel and copper geochemistry coincident with a geophysical target permissive of massive sulphides.

Tim Hronsky, Technical Director of St George Mining said: “There has been no prior dedicated nickel sulphide exploration of the East Laverton Property and the technical case for nickel sulphide mineralisation is very strong. Our tenements offer an outstanding opportunity for the discovery of major new nickel sulphide deposits.”

THE FARM-IN AGREEMENT

The key terms of the Farm-in Agreement include:

- BHP Billiton has a 2 year option over the nickel rights at 9 tenements covering in total approx. 498 sq km (the ‘Core Tenements’).
- An obligation on BHP Billiton to spend \$600,000 on exploration during the option period and maintain the Core Tenements in good standing.
- On exercise of the option, a right for BHP Billiton to earn a 51% interest in the nickel rights in the tenements governed by the Farm-in Agreement by spending \$3m over 3 years.
- On exercise of the option, a right for BHP Billiton to select any or all of an additional 7 tenements, covering in total approx. 470 sq km, to also be included in the Farm-in Agreement.
- A right for BHP Billiton to increase its interest to 70% by sole funding a bankable feasibility study (BFS), with St George Mining free carried for its 30% interest up to completion of the BFS.
- An obligation on BHP Billiton to update St George Mining on its exploration activities on a quarterly basis.
- St George Mining retains 100% of the rights to gold and all other metals within the tenements.
- Both parties to the agreement will share information on their respective exploration activities.

The commencement of the Farm-in Agreement is conditional on the transfer of one of the Core Tenements to St George Mining’s wholly owned subsidiary Desert Fox Resources Pty Ltd. This condition is expected to be satisfied by late April/early May 2011.

St George Mining will continue its own exploration work at the East Laverton Property, with a focus on progressing its high priority gold prospects.

For further information, please contact:

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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 Mr Tim Hronsky who 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 Hronsky 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 Hronsky consents to the inclusion of information in this announcement in the form and context in which it appears.