

ASX ANNOUNCEMENT

TERMS OF PERFORMANCE SHARES

St George Mining Limited (139 308 973) (**Company**) wishes to confirm that it currently has 100 Performance Shares (convertible into a maximum of 10,000,000 Shares) on issue at the date of this announcement, having the terms and conditions set out below.

The Company further confirms that as at the date of this announcement, no Performance Shares have been transferred from their original owners (who are disclosed in the Company's Prospectus dated 18 August 2010). In accordance with the conditions below, the Performance Shares will no longer be transferable following the Company's admission to the Official List of the ASX.

General terms attaching to the Performance Shares

- a) (**Performance Shares**) Each Performance Share is a share in the capital of the Company.
- b) (**General Meetings**) The Performance Shares shall confer on the holder (**Holder**) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.
- c) (**No Voting Rights**) The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company, subject to any voting rights under the Corporations Act or the ASX Listing Rules where such rights cannot be excluded by these terms.
- d) (**No Dividend Rights**) The Performance Shares do not entitle the Holder to any dividends.
- e) (**Rights on Winding Up**) Upon winding up of the Company, the Performance Shares may participate in the surplus profits or assets of the Company only to the extent, and on the basis that each Performance Share has converted into one (1) Share.
- f) (**Transfer of Performance Shares**) Prior to the Company being admitted to the Official List of the ASX, the Performance Shares are transferable. In the event the Company is admitted to the Official List of the ASX, the Performance Shares will no longer be transferable.
- g) (**Reorganisation of Capital**) In the event that the Company is admitted to the Official List of the ASX and the issued capital of the Company is subsequently reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation.
- h) (**Application to ASX**) The Performance Shares will not be quoted on ASX. In the event that the Company is admitted to the Official List of the ASX, upon conversion of the Performance Shares into Shares in accordance with these terms, the Company must within seven (7) days after the conversion, apply for the official quotation on ASX of the Shares arising from the conversion.
- i) (**Participation in Entitlements and Bonus Issues**) Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Shares such as bonus issues and entitlement issues.

- j) **(Amendments required by ASX)** The terms of the Performance Shares may be amended as necessary by the directors of the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms.
- k) **(No Other Rights)** The Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Performance Shares

- a) **(Conversion of Performance Shares)** Each Performance Share will convert into 100,000 Shares upon the first to occur of the following events (each a **Milestone**):
 - (i) a Company Project attains a measured JORC Code compliant inferred resource of at least 1,000,000 ounces of Gold;
 - (ii) a Company Project attains a measured JORC Code compliant inferred resource of at least 50,000 tonnes contained Nickel;
 - (iii) the market capitalisation of the Company is greater than \$50 million for a minimum of 30 consecutive trading days, based upon the volume weighted average price of Shares quoted on the ASX;
 - (iv) a Company Project (or any part of it) is sold for a value of at least \$25 million (in cash and/or assets of equivalent value); or
 - (v) a joint venture arrangement is entered into for a Company Project and payments of at least \$25 million (in cash and/or assets of equivalent value) are paid to Company as part of that arrangement.

For these purposes, a “Company Project” means:

“any project in which the Company has an ownership interest (or an option to acquire an ownership interest) as at the date the Company is admitted to the Official List of the ASX.”

- b) **(Conversion if Milestone not Achieved)** If a Milestone is not achieved on or prior to the date which is 5 years after the date the Company is admitted to the Official List of the ASX (**Performance Share Expiry Date**), then each Performance Share will automatically convert into one (1) Share.
- c) **(After Conversion)** The Shares issued on conversion of the Performance Shares will, as and from 5.00pm (WST) on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.
- d) **(Conversion Procedure)** The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Shares into the Shares.
- e) **(Ranking of Shares)** The Shares into which the Performance Shares will convert will rank *pari passu* in all respects with the Shares on issue at the date of conversion.