ST GEORGE MINING LIMITED

PROSPECTUS

For the offer of 20,000,000 Shares at an issue price of $0.20 each to raise $4,000,000.

ST GEORGE MINING LIMITED - ACN 139 308 973

IMPORTANT INFORMATION

This is an important document that should be read in its entirety.
If you do not understand it you should consult your professional advisers without delay.
The Shares offered by this Prospectus should be considered speculative.

ST GEORGE
MINING LIMITED

CORPORATE DIRECTORY

ST GEORGE MINING LIMITED

DIRECTORS

JOHN PRINEAS - Executive Chairman
TIM HRONSKY - Executive Director
MARCUS MICHAEL - Non-Executive Director

SHARE REGISTRY*

COMPUTERSHARE INVESTOR SERVICES PTY LTD
Level 2, Reserve Bank Building
45 St Georges Terrace
PERTH WA 6000

COMPANY SECRETARY

MARCUS MICHAEL

REGISTERED OFFICE

Level 1, 115 Cambridge Street
WEST LEEDERVILLE WA 6007
TELEPHONE: 08 9322 6600
FACSIMILE: 08 9322 6610

SOLICITORS TO THE COMPANY

STEINEPREIS PAGANIN
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

INVESTIGATING ACCOUNTANT

STANTONS INTERNATIONAL PTY LTD
trading as Stantons International Securities
1st Floor, 1 Havelock Street
WEST PERTH WA 6005

AUDITORS

STANTONS INTERNATIONAL
1st Floor, 1 Havelock Street
WEST PERTH WA 6005

INDEPENDENT GEOLOGIST

MALCOLM CASTLE
Consulting Geologist
PO Box 473
SOUTH PERTH WA 6951

WEBSITE

www.stgeorgemining.com.au

** THIS ENTITY IS INCLUDED FOR INFORMATION PURPOSES ONLY. IT HAS NOT BEEN INVOLVED IN THE PREPARATION OF THIS PROSPECTUS.*

IMPORTANT INFORMATION

ST GEORGE MINING LIMITED

IMPORTANT NOTICE

This Prospectus is dated 18 August 2010 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which the Prospectus relates.

The expiry date of this Prospectus is at 5.00pm WST on that date which is 13 months after the date this Prospectus was lodged with the ASIC (Expiry Date). No securities may be issued on the basis of this Prospectus after the Expiry Date.

Application will be made to ASX within seven (7) days after the date of this Prospectus for Official Quotation of the Shares the subject of this Prospectus.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Shares the subject of this Prospectus should be considered speculative.

WEB SITE – ELECTRONIC PROSPECTUS

A copy of this Prospectus can be downloaded from the website of the Company at www.stgeorgemining.com.au. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an application form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

EXPOSURE PERIOD

This Prospectus will be circulated during the Exposure Period. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and, in those circumstances, any application that has been received may need to be dealt with in accordance with Section 724 of the Corporations Act.

Applications for securities under this Prospectus will not be processed by the Company until after the expiry of the Exposure Period. No preference will be conferred on persons who lodge applications prior to the expiry of the Exposure Period.

CHAIRMAN'S LETTER

Dear Investor,

On behalf of St George Mining Limited ('St George Mining' or the 'Company'), I am pleased to invite you to subscribe to shares in the Company through its initial public offer of 20,000,000 shares at an issue price of $0.20 each to raise $4,000,000 ("Offer").

The Company has secured exciting exploration projects in two richly mineralised areas of Australia – the North East Goldfields of Western Australia and the Pine Creek Orogen in the Northern Territory. A detailed summary of the Company's Projects and their potential is contained in this Prospectus.

St George Mining has 100% ownership of a tenement package covering a contiguous area of 1,421.50 sq km in the eastern fringe of the North East Goldfields of Western Australia. The Company believes that this region has the potential to evolve into a leading mining province in Western Australia. Exciting discoveries such as the 5+ Moz Tropicana gold deposit have already been made in proximity to the Company's Projects.

The Company's tenements in this region host the Crusader Gold Project, the Zeus Nickel Project and the Empire Copper Project. Previous exploration has generated a number of attractive targets. Several of these are ready for immediate definition drilling whilst others will provide a pipeline of strong exploration targets for further assessment. The Company believes that there is excellent potential for the discovery of major gold, nickel-sulphide and copper deposits at these Projects.

In the Northern Territory, the Company has entered into an option to acquire an 80% interest in a tenement area that is prospective for gold and uranium. The ground hosts the Blue Thunder Gold Project and the White Strike Uranium Project. Previous diamond drilling at the Blue Thunder Gold Project has identified an extensive gold system which the Company believes is prospective for a major gold deposit. The Company has applied for two additional exploration licences in the Pine Creek region which, if granted, would increase the total project area to 1,086 sq km.

St George Mining is seeking to raise $4,000,000 through the issue of 20,000,000 shares at an issue price of 20 cents per share. You may apply for shares by completing an Application Form that is attached to this Prospectus.

Our aim is to substantially increase the value of the Company's projects through exploration success, and to establish St George Mining as a growth company in the mining sector. The Board believes that it has secured the kind of major, high value exploration projects that can deliver this goal.

The Offer presents investors with an opportunity to share in the future of the Company. I commend this investment to you and look forward to welcoming you as a shareholder.

Yours sincerely

JOHN PRINEAS
EXECUTIVE CHAIRMAN
ST GEORGE MINING LIMITED

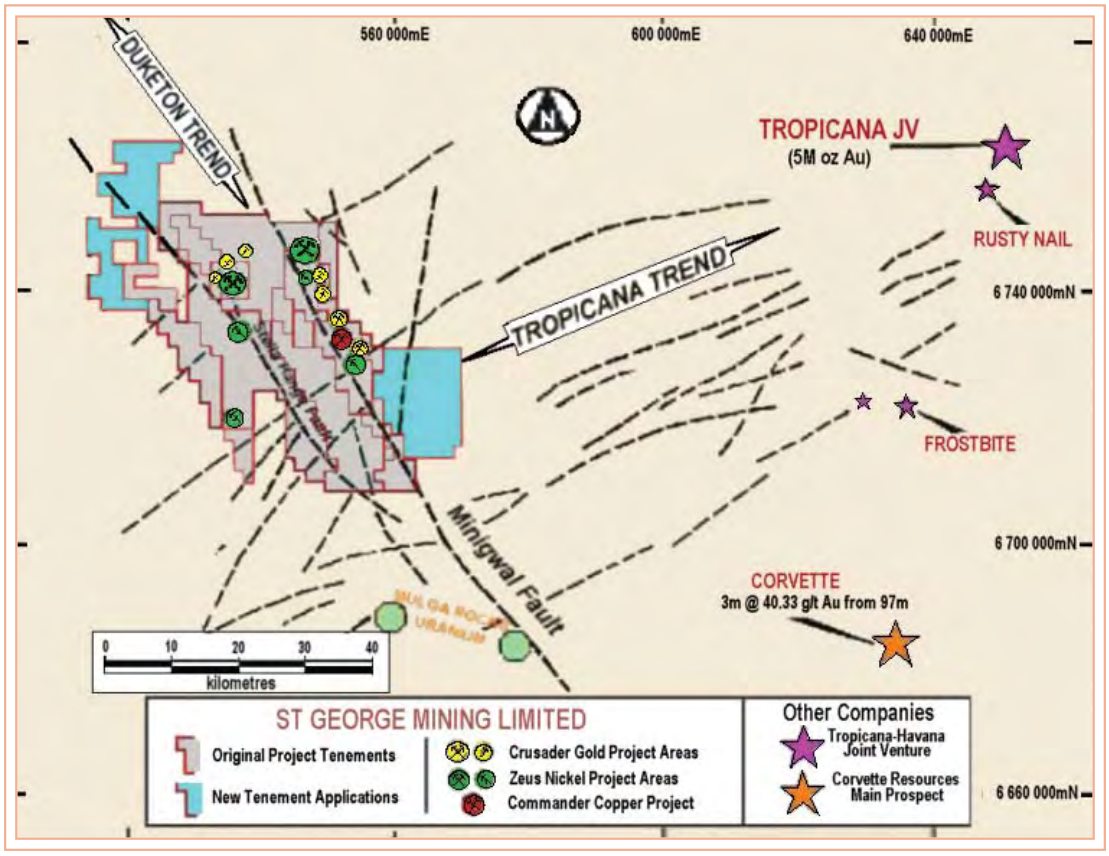
CONTENTS

ST GEORGE MINING LIMITED

INVESTMENT HIGHLIGHTS

This Section contains selective highlights of the Company and its assets and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. Investors should read this Prospectus in its entirety and not rely solely on this Section.

- St George Mining owns 100% of a package of tenements in a prospective regional setting in the North East Goldfields (the "East Laverton Property").
- The East Laverton Property covers a contiguous area of 1,421.50 sq km and hosts the Crusader Gold Project, the Zeus Nickel Project and the Empire Copper Project.
- The East Laverton Property is situated along the regional Minigwal and Stella Range Faults which are cross-cut by a fundamental NE-SW tensional fault system, informally known as the "Tropicana Trend".
- This major structural intersection creates an optimal trap-site for localising mineralisation (see the map below).
- The Crusader Gold Project includes several advanced exploration targets that provide an opportunity for near term exploration success.



- St George Mining has entered into an option to acquire an 80% interest in a prospective exploration tenement in the western section of the Pine Creek Orogen in the Northern Territory. The Company has consolidated its position in the Pine Creek Orogen with two applications for exploration licences which will increase the area covered by the Pine Creek Property to 1,086 sq km. These three tenements together form the "Pine Creek Property".
- The Pine Creek Property hosts the Blue Thunder Gold Project and the White Strike Uranium Project.
- The Thunderbolt Prospect is an advanced gold exploration target that was generated at the Blue Thunder Gold Project following a diamond drilling programme completed by Homestake Gold of Australia Limited.
- The White Strike Uranium Project has identified a uranium radiometric anomaly in an area that appears to have optimal physical and chemical conditions for localising this style of uranium mineralisation.
- The Company will seek to expand its portfolio of exploration assets through the future acquisition of high potential, under-valued projects.

KEY RISKS

The key risks associated with an investment in the Company are outlined in Section 8. Before deciding to invest, potential investors should carefully consider these risks in light of the investor's personal circumstances (including financial and taxation issues) and seek advice from a professional adviser as required.

The business, assets and operations of the Company are subject to certain risk factors that have the potential to influence the operating and financial performance of the Company in the future. These risks can impact on the value of an investment in the securities of the Company.

The Company aims to manage these risks by carefully planning its activities and implementing risk control measures. Some of the risks are, however, highly unpredictable and the extent to which the Company can effectively manage them is limited. Accordingly, an investment in the Company should be considered speculative.

A summary of the key risks affecting an investment in the Company include:

- There is no guarantee of exploration success.
- The discovery of mineral deposits is a speculative activity.
- Exploration results and resource modelling may be unreliable.
- Commodity prices are volatile and are influenced by various market factors, including interest rates and exchange rates which vary over time.
- The value of shares in the Company will be influenced by the investment climate in stocks including factors such as the general economic outlook, investor sentiment, inflation levels, taxation policy and geo-political developments.

(This is a summary of certain risks and is not intended to be an exhaustive list of all risks that may affect the value of an investment in the Company).

MATERIAL RISKS

The Company and its business undertaking are subject to a number of risks. Section 8 contains a detailed summary of the main risks relating to an investment in the Company. Set out below are the more significant risks affecting the Company. These relate to the Company's tenements and are discussed in more detail in the Solicitor's Report in Section 7.

- Some of the tenements of the Company referred to in the Prospectus are in the application stage. Three of the tenements relating to the East Laverton Property and all three tenements relating to the Pine Creek Property are in the application stage. There is no assurance that the tenement applications will be granted in due course or that, when a tenement is granted, it will be granted in its entirety or without conditions.
- Seven of the granted tenements at the East Laverton Property are registered in the name of the vendor, A1 Minerals Limited which holds the tenements on trust for the Company pending registration of transfers of the tenements. The transfers require Ministerial consent and there is no assurance that this will be granted.

CAPITAL STRUCTURE AND PERFORMANCE SHARES

The Company has issued 100 Performance Shares to its foundation shareholders, including entities associated with the Directors. Each Performance Share converts into 100,000 fully paid ordinary shares in the Company upon the occurrence of certain milestone events. Details of the Performance Shares are set out in Section 10.1.2.

The Performance Shares were issued to the foundation shareholders for their contribution in establishing and developing the Company, and for identification of projects acquired by the Company. If the Performance Shares convert into fully paid ordinary shares, the shareholding of an investor in the Company (as a percentage of the total issued capital of the Company) will be diluted.

OPTION AND JOINT VENTURE AGREEMENT

The Company, through its wholly owned subsidiary, Blue Thunder Resources Pty Ltd, has entered into an Option Agreement with James Ian Stewart and Geotech International Pty Ltd (jointly, the "Vendor") whereby the Company acquired an option to purchase an 80% interest in the tenement application EL 27732 which has been made by the Vendor. The terms of this option are fully described in Solicitor's Report in Section 7.

If the option is exercised, the tenement will be subject to a joint venture between the Company (which will have an 80% interest in the joint venture) and the Vendor (which will have a 20% interest in the joint venture) (the "Pine Creek Joint Venture"). The joint venture agreement has not yet been entered into. The Option Agreement outlines some of the key terms for the joint venture agreement.

The Company, through Blue Thunder Resources Pty Ltd, has applied for two additional tenements at Pine Creek – application EL's 28016 and 28017. A 20% interest in these two tenements will be held for the benefit of the Vendor.

There is no assurance that these tenements will be granted, the option exercised or the joint venture entered into.

1 INVESTMENT OVERVIEW

1.1 IMPORTANT NOTICE

This Section is not intended to provide full information for investors intending to apply for Shares offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

1.2 OBJECTIVES

The strategic objectives of the Company are:

- Create shareholder wealth through the discovery of economic mineral deposits.
- Conduct structured exploration programs including the drilling of advanced targets.
- Evaluate priority prospects using scoping and pre-feasibility studies to establish their economic and technical feasibility.
- Source new project opportunities complimentary to the Company's asset portfolio.

On completion of the Offer, the Board believes the Company will have sufficient working capital to achieve these objectives.

1.3 INDICATIVE TIMETABLE

Lodgement of Prospectus with the ASIC	18 August 2010
Opening Date	25 August 2010
Closing Date	5.00pm WST on 30 September 2010
Despatch of holding statements	7 October 2010
Expected date for listing on ASX	14 October 2010

1.4 PURPOSE OF THE OFFER AND USE OF PROCEEDS

It is intended to apply funds raised from the Offer, together with existing cash assets as follows:

	SUBSCRIPTION - $4,000,000		
ITEM	YEAR 1	YEAR 2	TOTAL
Existing Cash Assets	$382,841		
Funds raised under the Offer	$4,000,000		
Total funds available	**$4,382,841**		**$4,382,841**
Expenses of issue	$402,698		$402,698
Evaluation and exploration	$700,000	$1,300,000	$2,000,000
Loan Repayment	$230,000		$230,000
Corporate & Administration	$440,140	$380,140	$820,280
Unallocated working capital	$2,610,003		$929,863
Total	**$4,382,841**		**$4,382,841**

The preceding table is a statement of current intentions as of the date of lodgement of this Prospectus with the ASIC. As with any budget, intervening events (including exploration success or failure) and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

1.5 CAPITAL STRUCTURE

The capital structure of the Company following completion of the Offer is summarised below[1]:

SHARES	NUMBER
Shares on issue at date of Prospectus	32,500,000
Shares issued under the Offer	20,000,000
Total Shares on issue at completion of the Offer	**52,500,000**

Notes: 1 Refer to Investigating Accountant's Report for further information. The Company also has 100 Performance Shares on issue which may convert into a total of 10,000,000 Shares if certain milestones are achieved. Further details are included in Section 10.1.2 .

Restricted securities

Subject to the Company being admitted to the Official List, certain of the Shares on issue prior to the Offer are likely to be classified by ASX as restricted securities and will be required to be held in escrow.

1.6 ISSUE OF NEW OPTIONS

It is the intention of the Company to make an offer of New Options to Shareholders on the register of members as at that date which is approximately 6 months of the Company's Shares are admitted to Official Quotation on ASX. It is intended that the issue will be on the basis of one (1) New Option for every two (2) Shares held at that time and the New Options will be issued at a price 1 cent per New Option with an exercise price of 20 cents each and expiry date of up to two years from the date of Official Quotation. The Company will apply to ASX to have the New Options listed for Official Quotation.

A disclosure document will be made available when the New Options referred to above are offered by the Company. Anyone who wishes to acquire New Options under the proposed entitlement issue will need to complete an application form that will be in, or will accompany, the disclosure document.

The Directors reserve the right to vary the terms in which the New Options are offered (including the ratio, issue price, exercise price, expiry date and the record date for determining entitlements).

2 DETAILS OF THE OFFER

2.1 THE OFFER

By this Prospectus, the Company offers for subscription 20,000,000 Shares at an issue price of $0.20 each to raise $4,000,000.

The Shares offered under this Prospectus will rank equally with the existing Shares on issue.

2.2 APPLICATIONS

Applications for Shares offered under this Prospectus must be made using the Application Form.

Payment for the Shares must be made in full at the issue price of $0.20 per Share. Applications for Shares must be for a minimum of 10,000 Shares and thereafter in multiples of 1,000 Shares. Completed Application Forms and accompanying cheques must be mailed or delivered to any of the below:

Computershare Investor Services Pty Ltd
St George Mining – Share Offer
Level 2, 45 St George's Terrace
Perth WA 6000

Computershare Investor Services Pty Ltd
GPO Box D182
PERTH WA 6840

St George Mining Limited
Level 1, 115 Cambridge Street
West Leederville WA 6007

St George Mining Limited
PO BOX 1305
West Leederville WA 6007

Cheques should be made payable to "St George Mining Limited – Share Offer Account" and crossed "Not Negotiable". Completed Application Forms must reach one of the above addresses by no later than the Closing Date.

The Company reserves the right to close the Offer early.

2.3 OVERSUBSCRIPTIONS

The Company will not accept oversubscriptions under the Offer. The maximum amount which may be raised under this Prospectus is therefore $4,000,000.

2.4 ALLOTMENT

Subject to the minimum subscription being raised and ASX granting conditional approval for the Company to be admitted to the Official List, allotment of Shares offered by this Prospectus will take place as soon as practicable after the Closing Date. Prior to allotment, all application monies shall be held by the Company on trust. The Company, irrespective of whether the allotment of Shares takes place, will retain any interest earned on the application monies.

The Directors reserve the right (in their absolute discretion) to allot Shares in full for any application or to allot any lesser number or to decline any application. Where the number of Shares allotted is less than the number applied for, or where no allotment is made, the surplus application monies will be returned by cheque to the applicant within seven (7) days of the allotment date.

2.5 MINIMUM SUBSCRIPTION

The minimum subscription to be raised pursuant to this Prospectus is $4,000,000.

If the minimum subscription has not been raised within four (4) months after the date of this Prospectus, all applications will be dealt with in accordance with the Corporations Act.

2.6 ASX LISTING

The Company will apply to ASX within seven (7) days after the date of this Prospectus for admission to the Official List and for Official Quotation of the Shares offered under this Prospectus. If ASX does not grant permission for Official Quotation of the Shares within three (3) months after the date of this Prospectus, or such longer period as is permitted by the Corporations Act, all applications will be dealt with in accordance with the Corporations Act.

2.7 APPLICANTS OUTSIDE AUSTRALIA

This Prospectus does not, and is not intended to, constitute an offer in any place or jurisdiction, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus. The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. No action has been taken to register or qualify these Shares or otherwise permit a public offering of the Shares the subject of this Prospectus in any jurisdiction outside Australia.

It is the responsibility of applicants outside Australia to obtain all necessary approvals for the allotment and issue of the Shares pursuant to this Prospectus. The return of a completed Application Form will be taken by the Company to constitute a representation and warranty by the applicant that all relevant approvals have been obtained.

2.8 UNDERWRITER

The Offer is not underwritten.

2.9 COMMISSIONS ON APPLICATION FORMS

The Company reserves the right to pay a commission of 6% (inclusive of goods and services tax) of amounts subscribed to any licensed securities dealers or Australian Financial Services licensee in respect of valid applications lodged and accepted by the Company and bearing the stamp of the licensed securities dealer or Australian Financial Services licensee. Payments will be subject to the receipt of a proper tax invoice from the licensed securities dealer or Australian Financial Services licensee.

2.10 CHESS

The Company will apply to participate in the Clearing House Electronic Subregister System (CHESS). CHESS is operated by ASX Settlement Pty Ltd (ASX Settlement), a wholly owned subsidiary of ASX, in accordance with the Listing Rules and the ASX Settlement Operating Rules.

Under CHESS, the Company will not issue certificates to investors. Instead, Shareholders will receive a statement of their holdings in the Company. If an investor is broker sponsored, ASX Settlement will send a CHESS statement.

2.11 RISK FACTORS

Prospective investors in the Company should be aware that subscribing for securities the subject of this Prospectus involves a number of risks. These risks are set out in Section 8 of this Prospectus and investors are urged to consider those risks carefully (and if necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 8, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered speculative.

2.12 PRIVACY STATEMENT

If you complete an application for Shares, you will be providing personal information to the Company. The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office; authorised securities brokers; print service providers; mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the Share Registry at the relevant contact number set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

3.1 BACKGROUND

The Company has been established to acquire mining properties with the aim of generating projects with economic resource inventories. The corporate strategy is to achieve long term growth in shareholder wealth through the discovery and development of major ore deposits.

St George Mining Limited was incorporated on 19 October 2009 and has two wholly owned subsidiaries – Desert Fox Resources Pty Limited (which owns 100% of the East Laverton Property) and Blue Thunder Resources Pty Ltd (which holds the Company's 80% interest in the Pine Creek Property).

3.2 BUSINESS STRATEGY

The Company will initially focus on exploration opportunities in under-explored regions of Australia that the Company considers to be prospective for major mineral discoveries. The Company has identified the eastern fringe of the North Eastern Goldfields in Western Australia and the western section of the Pine Creek Orogen in the Northern Territory as two such attractive areas for exploration.

The Company's strategy has been to identify and acquire interests in projects that are advanced exploration projects. The previous explorers at these properties have expended considerable funds to progress the geological understanding of the properties, resulting in the identification of numerous mineral targets for further investigation. This significantly reduces the exploration risk for the Company.

3.3 PROJECT OVERVIEW – EAST LAVERTON PROPERTY

3.3.1 BACKGROUND

The region east of the richly mineralised Laverton gold and nickel district is under-explored. The discovery of the Tropicana gold deposit (5M+ oz) approximately 200km east of Laverton, one of the most significant new gold discoveries in Australia in over 10 years, has focused attention on the mineral potential of this emerging domain.

The Company believes this region has the potential for the discovery of further significant mineral deposits. This 'frontier' area offers investors the exposure to major new discoveries in much the same way as a developing country, but without the associated political, regulatory and investment risks.

On 5 November 2009, the Company acquired 100% ownership of a tenement package comprising 519 sq km in the Narnoo and Minigwal Greenstone Belts (approx. 150 km east of Laverton, Western Australia). The tenements were acquired by Desert Fox Resources Pty Limited from A1 Minerals Limited. The acquisition included the exploration database for the tenements that comprises geological, geophysical, drilling and other exploration data. An additional two tenements at this location were acquired from A1 Minerals Limited on 15 June 2010.

The Company, through Desert Fox Resources Pty Ltd, has subsequently filed applications for seven exploration licences adjacent to the existing tenements. Four of these applications were granted on 23 June 2010. These new applications, together with the acquired tenements, create a contiguous project area of 1,421.50 sq km (the "East Laverton Property").

The East Laverton Property hosts the Crusader Gold Project, the Zeus Nickel Project and the Empire Copper Project.

The tenements purchased from A1 Minerals were acquired for cash consideration (which has been paid in full), with A1 Minerals retaining a 2% net smelter royalty in regard to minerals extracted and sold from these tenements.

The balance of the tenements in the East Laverton Property (being the applications filed by St George Mining) are unencumbered by any third party interests.

3.3.2 LOCATION

The East Laverton Property is located in the eastern margin of the North-Eastern Goldfields of Western Australia, approximately 150km southeast of Laverton. The Crusader Gold Project, Zeus Nickel Project and Empire Copper Project are all situated within the East Laverton Property.

Previous exploration at the East Laverton Property has focussed on gold and successfully identified a number of gold prospects. In addition, exploration results indicated nickel-sulphide and possibly base metal VMS (volcanic massive sulphide) mineralsiation.

A map indicating the regional context of the East Laverton Property and its proximity to these other projects is contained in the Independent Geologist's Report in Section 5. The Tropicana joint venture area is approx. 65km to the east of the Company's tenements. The Plumridge Project of Corvette Resources Limited is about 65km to the south-east of the East Laverton Property. The Yamarna Project of Eleckra Mines Limited is about 100 km to the north of the Company's tenements.

3.3.3 PROJECTS

Three projects have been established at the East Laverton Property and they are outlined below. Further information on the projects is contained in the Independent Geologist's Report in Section 5.

CRUSADER GOLD PROJECT

Extensive gold mineralisation has been identified by shallow drilling and other exploration throughout the area of the Crusader Gold Project, generating a number of high quality gold targets that warrant immediate drilling.

These prospects, which are discussed in the Independent Geologist's Report, include the more advanced Desert King, Crown, Desert Knight and Regent prospects and the earlier stage Jubilee, Victoria, Windsor and Grand Cross prospects.

Several of the prospects are ready for definition and follow-up drilling, and this will be the primary focus of the Company's exploration program after listing on ASX.

ZEUS NICKEL PROJECT

The Zeus Nickel Project lies within a potentially new nickel-sulphide province. The Project has approximately 60 km of strike length of a rare high MgO komatiitic (Dunite ultramafic) horizon. The area of the Zeus Nickel Project is considered to be the southern extension of the Duketon komatiite belt where several new nickel-sulphide discoveries have been made.

Initially, the Apollo, Adonis, Aphrodite and Athena nickel sulphide (NiS) prospects have been identified as permissive of the localised settings where nickel sulphide deposits may occur.

Previous mineral exploration activity in the area targeted gold and the anomalous nickel intersections where identified through random grid drilling. As no dedicated nickel-sulphide exploration of the Dunite ultramafic zones has been completed, the ground offers an outstanding opportunity for new nickel sulphide discoveries.

EMPIRE COPPER PROJECT

There is a possibility for VMS (Volcanic Massive Sulphide) base metal mineralisation to be located within the East Laverton Property.

Anomalous copper mineralisation was intersected in a drill hole during previous gold exploration, and this has given rise to the Commander Copper Prospect.

Gold-rich VMS (volcanic massive sulphide) deposits occur in deformed and metamorphosed submarine volcanic settings within greenstone belts, and may be associated with nickel sulphide mineralisation. The geological setting of the Commander Copper Prospect is an environment permissive of VMS mineralisation.

3.3.4 PROSPECTS

The prospects at the Crusader Gold Project, the Zeus Nickel Project and the Empire Copper Project are listed below. Further details of the status of each prospect are contained in the Independent Geologists Report.

The Figure below shows the numerous major gold, nickel and copper prospects already identified at the Company's Projects. These prospects are explained in the Independent Geologist's Report.

The prospects have been generated by the significant previous exploration expenditure at the tenements.

CRUSADER GOLD PROJECT

The following gold prospects are part of the Crusader Gold Project:

PROSPECT		
Desert King	Grand Cross	Windsor
Desert Knight	Victoria	Red Dragon
Crown	Regent	
Regent	Jubilee	

ZEUS NICKEL PROJECT

The following nickel sulphide prospects are part of the Zeus Nickel Project:

PROSPECT
Apollo
Aphrodite
Adonis
Athena

EMPIRE COPPER PROJECT

The following copper prospects are part of the Empire Copper Project:

PROSPECT
Commander

3.4 PROJECT OVERVIEW – PINE CREEK PROPERTY

3.4.1 BACKGROUND

On 23 June 2010, the Company, through its wholly owned subsidiary, Blue Thunder Resources Pty Ltd, entered into an Option Agreement which created an option for the Company to acquire an 80% interest in EL 27732 (the "Pine Creek Tenement"). The option was granted by Geotech International Pty Limited and James Ian Stewart (the "Vendor"). The Pine Creek Tenement is in the application stage and is expected to be granted in Q3 2010.

The option arrangement allows the Company immediate and exclusive access to the Pine Creek Tenement whilst deferring the payment of the acquisition price to a time of its choosing during the option period.

The Company believes that the option entered into for the Pine Creek Tenement creates a flexible arrangement which maximises the Company's exploration upside in a cost efficient manner.

Details of the agreement are set out in the Solicitor's Report on Tenements contained in Section 7.

The Company, through Blue Thunder Resources Pty Ltd, applied for two additional exploration licences in the Pine Creek region on 31 March 2010. A 20% interest in these tenements is held for the benefit of the Vendor. Details of the contractual arrangement pertaining to these tenements are set out in the Solicitor's Report on Tenements contained in Section 7.

The total area of the Pine Creek Property is 1,086 sq km.

3.4.2 LOCATION

The Pine Creek Property is located in the western section of the central domain of the Pine Creek Orogen (PCO), an established and well endowed gold and uranium province in the Northern Territory.

The Pine Creek Property is located 130 km south-east of Darwin in the Northern Territory. The Blue Thunder Gold Project and the White Strike Uranium Project are situated within the Pine Creek Property.

The Pine Creek Orogen hosts numerous world class gold and uranium deposits with uranium being the dominant focus of exploration activity in this region. Uranium mineralisation in the Pine Creek Orogen generally occurs in structurally controlled unconformity-related uranium deposits.

3.4.3 PROJECTS

The Blue Thunder Gold Project and the White Strike Uranium Project are situated at the Pine Creek Property, within EL 27732. A brief outline of the projects is set out below and further details are provided in the Independent Geologist's Report.

The area covered by EL 27732 is approximately 75 sq km. The Company has further consolidated its position in this region by applications for two further exploration licences with a total area of 1,013 sq km. This ground is comprised in EL 28016 (which is located adjacent to EL 27732) and EL 28017 which is located approximately 10 km from EL 27732. Further details are provided in the Independent Geologist's Report. The additional ground significantly increases the Company's exploration opportunities at the Pine Creek Property.

3.4.3 PROJECTS (continued)

BLUE THUNDER GOLD PROJECT

Homestake Gold of Australia Limited ("Homestake") previously explored this ground for gold during the 1990's. Exploration was based on a model which suggested stratigraphic and other similarities between the area covered by the Blue Thunder Gold Project and the area at the Homestake gold deposit at Lead, South Dakota (50+ M oz Au). Details are provided in the Independent Geologist's Report.

The Thunderbolt Prospect, a very large gold system, was identified following a regional diamond drilling programme by Homestake. The Company intends to carry out focused exploration activity at the Project with additional diamond drilling at the Thunderbolt Prospect, and the identification and evaluation of other targets within the prospective mineral trend.

WHITE STRIKE URANIUM PROJECT

The Koolpin Formation is one of the favoured stratigraphic units for unconformity-related uranium mineralisation at Pine Creek. Although uranium mineralisation post-dates gold mineralisation, it seems to exhibit similar controls and may be in close association with gold mineralisation in some settings. Previous explorers in this area have focused on gold exploration and the uranium potential of the tenement remains to be fully tested.

A uranium radiometric anomaly has been identified at the Pine Creek Property and this may represent leakage from concealed unconformity-related uranium mineralisation. Further exploration for uranium mineralisation will be integrated into the gold exploration programme at the Pine Creek Property.

3.5 EXPLORATION STRATEGY

The large knowledge base created by previous exploration at the East Laverton Property and the Pine Creek Property will allow a focused approach to be taken to exploration activities.

The exploration database will be used to create a predictive and diagnostic exploration model that will seek to validate known exploration targets, while providing the basis for generating new prospects.

This approach will reduce expenditure on prospects prior to the drill testing phase and enhance the potential for rapid exploration success.

The core objectives of the exploration program are:

- Identify mineral resources through drilling of prospects
- Delineate the extent of these prospects in three dimensions
- Define the resource through close–spaced drilling
- Complete a comprehensive evaluation of the priority prospects using scoping and pre-feasibility studies to determine their economic and technical feasibility.

The Company recognises that joint ventures are a key mechanism for sharing of risk on individual exploration projects. Where appropriate for a particular project, the Company will consider a joint venture with a suitable party in order to share the exploration risk. Those funds otherwise set aside for that project will be employed to advance other projects.

The initial drilling programme at the East Laverton Property will be a 2,500 m reverse circulation drilling programme focussed on the more advanced prospects and a 10,000 m air-core drilling programme focussed on other prospects. The air-core drilling programme will further develop the numerous prospects at the East Laverton Property, with a focus on extending the identified mineralisation laterally and at depth. In addition, initial drilling will occur at two new and untested gold targets.

The initial RC drilling programme will be conducted prior to December 2010 subject to weather conditions and drill rig availability. Samples will be sent to Perth for analysis and assay results are likely to be available in Q4 2010. The air-core drilling programme will be conducted in early 2011.

The drilling programme will be supplemented by partial leach soil geochemistry surveys and closed spaced ground magnetics (over key targets), to improve exploration targeting and drill hole planning.

4.1 DIRECTORS

The Board of St George Mining is a highly experienced team possessing a broad range of technical, corporate and financial skills as well as a deep understanding of the Australian and global resources industry. The Board is ideally qualified to expertly manage the Company through its strategic establishment and growth phases. As the projects of the Company advance, the Board intends to consider the recruitment of additional management as required.

JOHN PRINEAS B.EC LL.B F FIN (EXECUTIVE CHAIRMAN)

John has over 24 years experience in the banking and legal sectors, including a period as the head of a financial institution in Australia. He commenced his career as a lawyer at Allen, Allen & Hemsley, gaining extensive experience in commercial transactions and corporate advice in both Australia and Asia-Pacific.

In 1994, he joined Dresdner Bank AG in Sydney and over the next 10 years occupied the roles of General Counsel, Chief Operating Officer and Country Head with a focus on project and acquisition finance for resources and infrastructure projects as well as associated capital markets and treasury products, including commodities trading.

John has a diverse range of high level experience in finance, mining and corporate governance.

TIM HRONSKY B.ENG (GEOLOGY) MAUSIMM, MSEG (EXECUTIVE DIRECTOR)

Tim is a geologist with over twenty years international experience in the mineral exploration and mining industry, including 15 years with Placer Dome Inc. After graduating from the West Australian School of Mines, Tim began his career in a number of operational roles before shifting to exploration where he was the Exploration Manager (Asia) for Placer Dome. Subsequently he undertook a number of corporate roles related to business improvement, risk management and assurance. More recently, he has been providing consulting services to a range of clients in the global exploration and mining industry.

Formerly, Tim was a founding director of Emmerson Resources (ASX: ERM) and a non-executive director of A1 Minerals Ltd (ASX: AAM).

MARCUS MICHAEL B.BUS, CA (NON EXECUTIVE DIRECTOR)

Marcus has been involved with private equity consulting, capital and debt funding and corporate reconstruction since 1990. He is a Chartered Accountant and Director of Marshall Michael Pty Ltd, Chartered Accountants located in Perth and Managing Director from 1994 – 2005. He has provided consulting services to public and private entities across a broad range of industries including mining, engineering, healthcare, retail, and agriculture.

Marcus graduated from Curtin University in 1990 and has been a member of the Institute of Chartered Accountants since 1994.

Marcus is an Executive Director of Argent Minerals Limited (ASX: ARD).

4.2 CORPORATE GOVERNANCE

The Directors monitor the business affairs of the Company on behalf of Shareholders and have formally adopted a corporate governance policy which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct.

The ASX Corporate Governance Council, in the ASX Recommendations, sets out corporate governance principles relevant for ASX listed entities. The Board has developed policies and practices consistent with the ASX Recommendations, with such adjustments as the Board believes are appropriate for the particular circumstances of the Company, being in its early stages of development. Consistent with these policies, the Company will detail in its annual reports corporate governance practices and identify any ASX Recommendations which have not been followed and explain its reasons for not doing so.

The Company will include on its website www.stgeorgemining.com.au full details of its corporate governance regime and a corporate governance statement will be included in the Company's annual reports. A summary of the corporate governance policies and practices adopted by the Company are set out below.

THE BOARD OF DIRECTORS

Composition of the Board

Election of Board members is substantially the province of the Shareholders in general meeting.

The composition of the Board is to be reviewed regularly to ensure the appropriate mix of skills and expertise is present to facilitate successful strategic direction

Where practical, the majority of the Board is to be comprised of non executive Directors. Where practical, at least 50% of the Board will be independent. An independent Director is one who is independent of management and free from any business or other relationship, which could, or could reasonably be perceived to, materially interfere with, the exercise of independent judgement.

The Board is not currently comprised of a majority of non-executive or independent Directors. However, the Board considers that its current structure is, and will continue to be appropriate given that the Company is in the early stages of its development, and given the size, nature and scope of the Company's activities. The Board intends to reconsider its composition as the Company's operations evolve, and may appoint additional directors as it deems appropriate and the Company's circumstances warrant.

The Role of the Chairman

The Chairman is responsible for the leadership of the Board, ensuring it is effective, setting the agenda of the Board, conducting the Board meetings and conducting the shareholder meetings.

The Chairman should facilitate the effective contribution of all Directors and promote constructive and respectful relations between Board members and management.

Board Committees

Based on the fact that the Company is in its early stage of development, and given the current size and structure of the Board, the Board has not formed any separate committees as recommended in the ASX Recommendations. The Board has nevertheless established formal terms of reference for such committees, as are set out below. The Board does not consider that at this stage any efficiencies or other benefits would be gained from establishing separate committees. Accordingly, until such committees are established, the full Board will carry out the duties of those committees, in accordance with the terms of reference that have been adopted.

4.2 CORPORATE GOVERNANCE (continued)

The Board has adopted written terms of reference for the following committees:

(a) **Audit and Risk Committee** - to monitor and review any matters of significance affecting financial reporting and compliance;

(b) **Remuneration Committee** - to review and approve the executive remuneration to enable the Company to attract and retain executives and Directors who will create value for Shareholders and approving any equity based plans and incentive schemes; and

(c) **Nomination Committee** - to maintain a Board that has an appropriate mix of skills and experience to be an effective decision-making body and ensuring that the Board is comprised of Directors who contribute to the successful management of the Company and discharge their duties having regard to the law and the highest standards of corporate governance.

As the Company's operations and the size and structure of the Board evolve, the Board will consider establishing the above committees to assist the Board in fulfilling its duties.

The Board's Relationship with Management

The Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer from time to time, or in absence of a Chief Executive Officer, any other person occupying the primary executive role, such as the Executive Chairman.

In addition to formal reporting structures, members of the Board are encouraged to have direct communications with management and other employees within the Group to facilitate the carrying out of their duties as Directors.

CONTINUOUS DISCLOSURE

The Board of Directors of the Company have appointed the Company Secretary, as the Company's Continuous Disclosure Officer. A deputy must be appointed whenever the Continuous Disclosure Officer is absent or on leave.

The Continuous Disclosure Officer is primarily responsible for ensuring that the Company complies with its disclosure obligations and is primarily responsible for deciding what information will be disclosed to the market in accordance with the Company's continuous disclosure obligations. The Continuous Disclosure Officer is also responsible for ensuring all employees of the Company are familiar with the obligations of the Company and individuals in this regard.

In consultation with appropriate personnel, a decision will be made by the Continuous Disclosure Officer about whether or not to disclose the information or take any necessary steps to protect its confidentiality.

RISK MANAGEMENT

The Company has adopted a policy to establish and set out the Company's systems for risk oversight and management and internal control.

RISK OVERSIGHT

The Board has the primary responsibility for identifying the principal risks and opportunities of the Company's business and ensuring that appropriate risk management systems and an internal control framework are established and reviewed. The Board fulfils its responsibility through the establishment and implementation of these systems and framework, through approval and review of the Company's processes.

The Board will:

(a) review the effectiveness of management information and other systems of internal control;

(b) review all areas of significant financial risk and the arrangements in place to contain those to acceptable levels; and

(c) monitor the internal controls and accounting compliance with all relevant accounting standards and the Listing Rules.

The Board will be responsible for other matters which impact upon risk management, such as matters relating to the Company's external auditor and reviewing significant transactions, financial information and reporting and other procedures for that information.

Actual management of operational risk and the implementation of risk management strategies are delegated to the Company's management.

BUYING AND SELLING SECURITIES

The Company has adopted a policy on the sale and purchase of securities in the Company by its Directors and employees. The purpose of the policy is to assist Directors and employees to avoid "insider trading" of Company securities.

The policy contains certain time periods during which Directors and employees may buy or sell Company securities. The Company may at its discretion vary these time periods by making a general announcement to all employees. If a Director or employee of the Company is in possession of price sensitive information which is not generally available to the market, then he/she must not deal with the Company securities at any time.

Any Director wishing to buy, sell or exercise rights in relation to the Company's securities must obtain the prior approval of the Chairman or the Board before doing so.

If the Chairman wishes to buy, sell or exercise rights in relation to the Company's securities the Chairman must obtain the prior approval of the Deputy Chairman or the Board before doing so.

Any Director or employee who (or through his or her Associates) buys, sells, or exercises rights in relation to Company securities must notify the Company Secretary in writing of the details of the transaction within five business days of the transaction occurring. This notification obligation operates at all times but does not apply to acquisitions of shares or options by employees made under employee share or option schemes, nor does it apply to the acquisition of shares as a result of the exercise of options under an employee option scheme.

SHAREHOLDER COMMUNICATIONS STRATEGY

The Company is committed to dealing fairly, transparently and promptly with its current and prospective Shareholders, encouraging and facilitating active participation by Shareholders at shareholder meetings and dealing promptly with shareholder enquiries.

The Board has adopted a policy to recognise that disclosure of information is fundamental to good communication and the Board aims to ensure that the Shareholders are informed of all major developments affecting the Company's state of affairs.

5 INDEPENDENT GEOLOGIST'S REPORT

MALCOLM CASTLE | CONSULTING GEOLOGIST
P.O. BOX 473, SOUTH PERTH, WA 6951 | PHONE: 08 9474 9351 | MOBILE: 0412 347 511
| EMAIL: MCASTLE@CASTLECONSULTING.COM.AU | ABN: 84 274 218 871

8 August 2010

The Directors
St. George Mining Limited
Level 1, 115 Cambridge Street
WEST LEEDERVILLE WA 6007

Malcolm Castle
CONSULTING GEOLOGIST

Dear Sirs,

RE: INDEPENDENT GEOLOGIST'S REPORT ON MINERAL PROPERTIES IN WESTERN AUSTRALIA AND THE NORTHERN TERRITORY

I have been commissioned by St. George Mining Limited (ACN 139 308 973) ("St. George" or the "Company") to provide an independent technical report on the Company's projects in Western Australia and the Northern Territory. This report is to be included in a Prospectus to be lodged by the Company with the Australian Securities and Investments Commission ("ASIC"), offering for subscription 20,000,000 shares at an issue price of 20 cents to raise $4,000,000. The funds raised will be used for the purpose of exploration and evaluation of the mineral properties held by the Company.

THE PROPERTIES

The Company's East Laverton Property is located in the North-Eastern Goldfields region of Western Australia in the Minigwal area and is approximately 150km southeast of Laverton. Access is through a series of unsealed roads and tracks that cover a flat and readily accessible topography. The Crusader Gold Project, Zeus Nickel Project and Empire Copper Project are all located within the tenement package of the East Laverton Property.
The Company's Pine Creek Property is located 130 km SE of Darwin, Northern Territory, Australia. The Pine Creek Property hosts the Blue Thunder Gold Project and the White Strike Uranium Project.
Details in respect to the legal status and tenure of the tenements comprising the Projects have not been considered in this report but are outlined in the Independent Solicitors Report in Section 7 of the Prospectus.

DECLARATIONS

Relevant codes and guidelines

This report has been prepared as a technical assessment in accordance with the Code for Technical Assessment and Valuation of Mineral and Petroleum Assets and Securities for Independent Expert Reports (the "VALMIN Code"), which is binding upon Members of the Australasian Institute of Mining and Metallurgy ("AusIMM") and the Australian Institute of Geoscientists ("AIG"), as well as the rules and guidelines issued by the Australian Securities and Investments Commission ("ASIC") and the ASX Limited ("ASX") which pertain to Independent Expert Reports (Regulatory Guides RG111 and RG112).

Where and if mineral resources have been referred to in this report, the classifications are consistent with the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"), prepared by the Joint Ore Reserves Committee of the AusIMM, the AIG and the Minerals Council of Australia, effective December 2004.

Under the definition provided by the ASX and in the VALMIN Code, these properties are classified as 'exploration projects', which are inherently speculative in nature. The properties are considered to be sufficiently prospective, subject to varying degrees of risk, to warrant further exploration and development of their economic potential, consistent with the exploration and development programs proposed by the Company.

Sources of Information

The statements and opinion contained in this report are given in good faith and this review is based on information provided by the title holders, along with technical reports prepared by consultants, previous tenements holders and other relevant published and unpublished data for the area. I have endeavoured, by making all reasonable enquiries, to confirm the authenticity, accuracy and completeness of the technical data upon which this report is based. A final draft of this report was provided to the Company along with a written request to identify any material errors or omissions prior to lodgement.

The independent technical report has been compiled based on information available up to and including the date of this report. Consent has been given for the distribution of this report in the form and context in which it appears. I have no reason to doubt the authenticity or substance of the information provided.

Qualifications and Experience

The person responsible for the preparation of this report is:

Malcolm Castle, B.Sc.(Hons), GCertAppFin (Sec Inst), MAusIMM.

Malcolm Castle has over 40 years experience in exploration geology and property evaluation, working for major companies for 20 years as an exploration geologist. He established a consulting company 20 years ago and specializes in exploration management, technical audit, due diligence and property valuation at all stages of development. He has wide experience in a number of commodities including gold, base metals, iron ore and mineral sands. He has been responsible for project discovery through to feasibility study in Australia, Fiji, Southern Africa and Indonesia and technical Audits in many countries.

Mr Castle completed studies in Applied Geology with the University of New South Wales in 1965 and has been awarded a B.Sc (Hons) degree. He has completed postgraduate studies with the Securities Institute of Australia in 2001 and has been awarded a Graduate Certificate in Applied Finance and Investment in 2004.

Mr Castle is a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM") and has the appropriate relevant qualifications, experience, competence and independence to be considered as an "Expert" and "Competent Person" for the purposes of the Australian Valmin and JORC Codes, respectively.

INDEPENDENCE

I am not, nor intend to be a director, officer or other direct employee of the Company and have no material interest in the Projects or the Company. The relationship with the Company is solely one of professional association between client and independent consultant. The review work and this report are prepared in return for professional fees based upon agreed commercial rates and the payment of these fees is in no way contingent on the results of this Report.

Yours faithfully

MALCOLM CASTLE
B.SC.(HONS), MAUSIMM,
GCERTAPPFIN (SEC INST)

ST GEORGE MINING LIMITED

CONTENTS

EAST LAVERTON PROPERTY

St George Mining Limited holds a package of granted tenements and applications covering 1421.50 sq km in the North-Eastern Goldfields region of Western Australia (the "East Laverton Property" or "East Laverton Tenements"). The tenement area straddles the Minigwal and Stella Range fault systems trending north-west and is intersected by the Tropicana structural trend which hosts the large Tropicana gold project. The project area is approximately 150km southeast of Laverton. Access is through a series of unsealed roads and tracks that cover a flat and readily accessible topography. The Crusader Gold Project, Zeus Nickel Project and Empire Copper Project are all located within this tenement package. Figure 1 below shows the outline of the East Laverton Tenements together with key mineral prospects

FIGURE 1 - ST GEORGE'S EAST LAVERTON PROPERTY

TENEMENT SCHEDULE

A summary of the tenement details is contained in the table below.

TENEMENT ID	STATUS	EQUITY (%)	GRANT DATE	AREA BLOCKS	EXPENDITURE
E39/0981	Granted	100	02-Aug-04	18 BL	$50,000
E39/0982	Granted	100	02-Aug-04	18 BL	$50,000
E39/0985	Granted	100	02-Aug-04	13 BL	$50,000
E39/1064	Granted	100	02-Aug-04	18 BL	$50,000
E39/1229	Granted	100	09-Nov-07	87 BL	$87,000
E39/1472	Granted	100	14-Jan-10	14 BL	$20,000
E39/1473	Granted	100	14-Jan-10	1 BL	$15,000
E39/1474	Granted	100	14-Jan-10	5 BL	$15,000
E39/1475	Granted	100	14-Jan-10	2 BL	$15,000
E39/1476	Granted	100	14-Jan-10	11 BL	$20,000
E39/1467	Granted	100	13-Jan-10	11 BL	$20,000
E39/1492	Granted	100	16-Apr-10	8 BL	$20,000
E39/1518	Granted	100	23-June-10	59 BL	$59,000
E39/1519	Granted	100	23-June-10	1 BL	$10,000
E39/1520	Granted	100	23-June-10	27 BL	$27,000
E39/1521	Granted	100	23-June-10	58 BL	$58,000
E39/1549	Application	100	Pending	37 BL	$37,000
E39/1565	Application	100	Pending	66 BL	$68,000
E39/1572	Application	100	Pending	23 BL	$23,000

LOCATION AND ACCESS

The Crusader Gold, Zeus Nickel and Empire Copper Projects are located approximately 150 km southeast of Laverton, Western Australia as shown in Figure 2 below. The town of Laverton can be reached by a regular air service from Perth to the town of Leonora which provides an operational base for the project. Access to Laverton is also available through sealed road from the regional centre of Kalgoorlie.

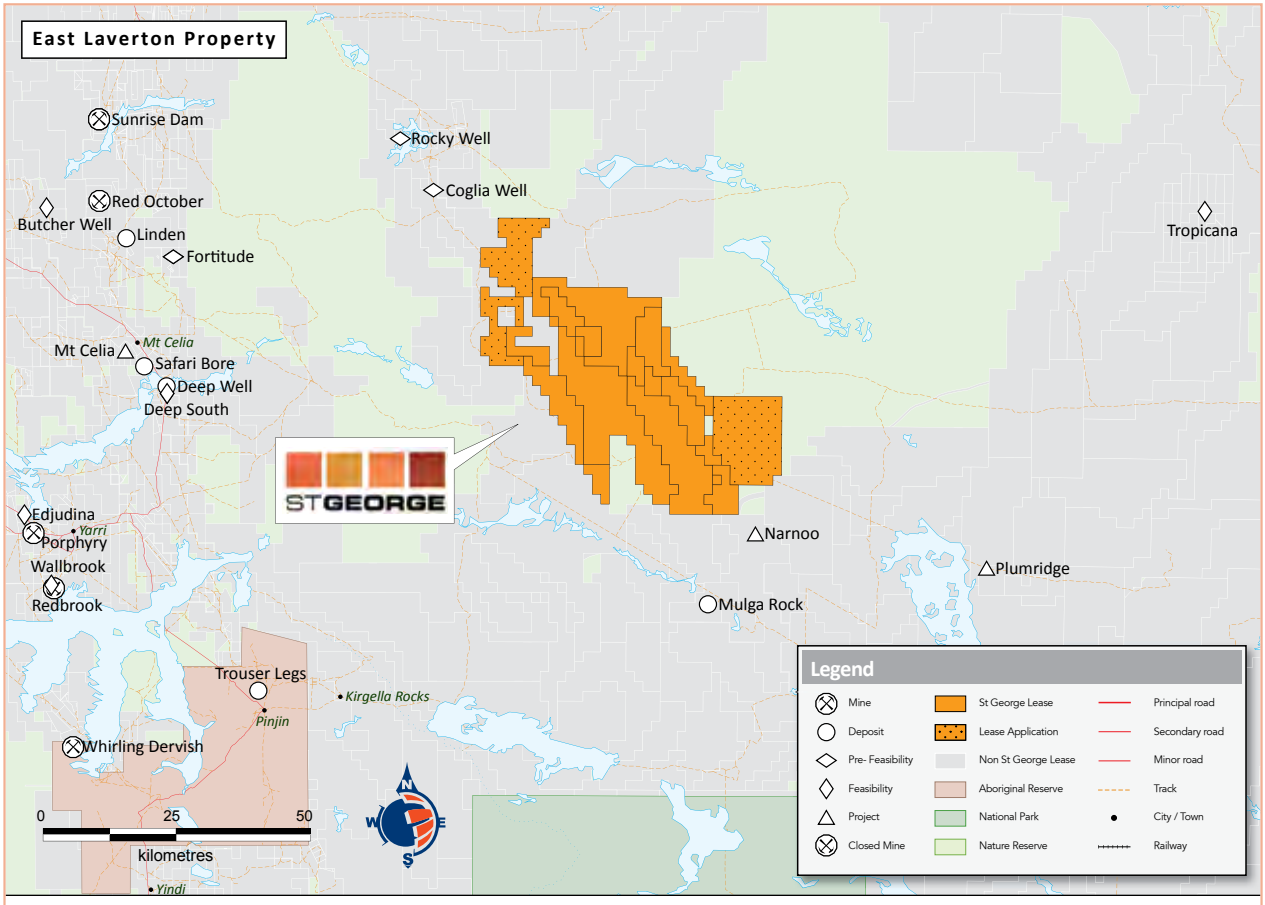


FIGURE 2 - LOCATION OF CRUSADER AU AND ZEUS NI PROJECTS

The Project site is accessed from Laverton via the unsealed Burtville Road towards Jasper Hills, and then through pastoral tracks and gridlines within the tenements. The topography of the area is flat and the condition of these tracks can easily be upgraded using graders, available for hire in Laverton. The area is typified by isolated Eucalypt stands and spinifex cover in sandy areas, and by groves of Mulga trees in areas of low lying alluvial sheet-wash.

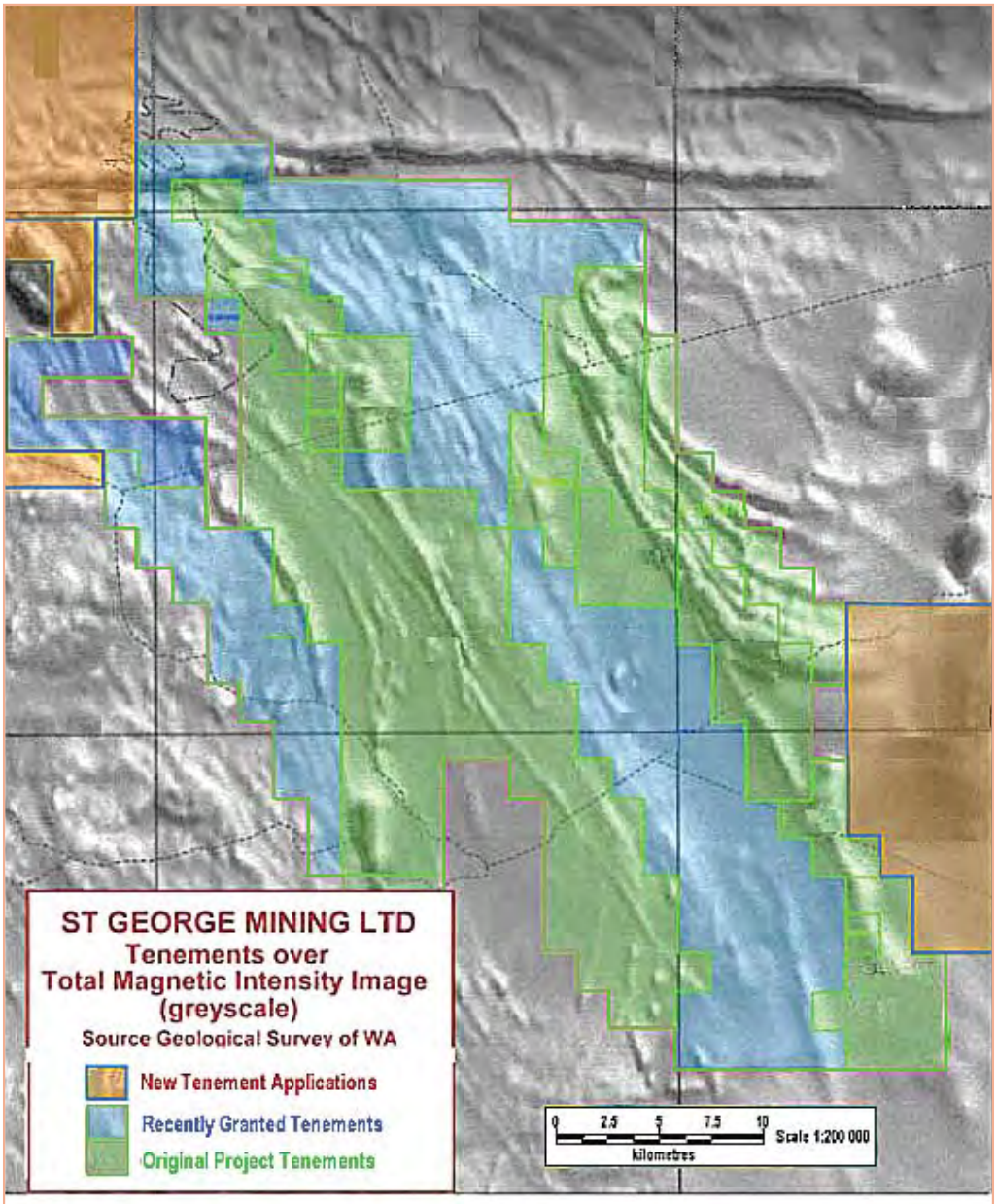


FIGURE 3 - EAST LAVERTON TENEMENTS SHOWN AGAINST REGIONAL TMI MAGNETICS

REGIONAL GEOLOGY & MINERALISATION

St George's tenements are situated on the eastern rim of the Archean Yilgarn Craton, which forms a convergent margin with the Proterozoic terrane to the east. The boundary between the Archean and Proterozoic is not well defined and is approximated by the Albany Fraser "mobile zone", a complex zone where a melange of Proterozoic and Archean rocks occur in a setting with a extensive tectonic and magmatic history that continued through the late Archean (~2500 Ma) into the Pale-Proterozoic. Structural reactivation of major Archean structures is evidenced by the intrusion of Paleo-Proterozoic dolerite dykes within the East Laverton Property.

There is very limited basement outcrop in the project region because of the extensive Permian and lesser Cainozoic sedimentary cover sequences. The present land surface is ferruginous and siliceous duricrust, calcrete, loamy soil and aeolian sand. The saline playa lake systems, such as Lightfoot Lake, are characterised by gypsiferous dunes and a surface salt crust.

The Narnoo greenstone belt is about 30-35km long in the NW direction. The Western Domain has a strong NW structural fabric while the Eastern Domain is dominated by open, south-verging fold geometry. The Eastern Domain is characterized by a strong gravity anomaly consistent with the preservation of a significant thickness of greenstone. In contrast, the western domain does not have a major gravity anomaly, and magnetic data suggests greenstones have been extensively intruded and migmatised by granitoids, and are now preserved as remnants.

It is common for these remnants to be dominated by ultramafic horizons, presumably because of the high melting point of these rocks, and this appears to be the case at Narnoo. The limited drilling and magnetics data suggests the belt is dominated by mafic rocks with several ultramafic horizons.

Basement geology is largely inferred from the interpretation of geophysical surveys and supplemented by the available drill data. Consequently, there is a more limited geological understanding of this greenstone belt, relative to most others within the Yilgarn Craton. Drilling at the St George project area has confirmed that the most prominent ultramafic horizon within the project area extends for at least 18km of strike and is closely associated with the position of the Minigwal Lineament.

Greenstone remnants in the Western domain are likely to be metamorphosed to mid-upper Amphibolite facies but the metamorphic grade declines within the belt further to the east. Alternatively, amphibolite facies metamorphism may be more local and associated with granite intrusives. The boundary between the Western and Eastern domains is a strong linear feature in the magnetic data.

The Minigwal Lineament appears to define a fairly sharp eastern boundary for the Western domain, implying this is a fundamental structure that penetrates the upper mantle and has controlled the architecture of greenstone belt formation. This structure also defines the eastern boundary of the Jasper Hill greenstone belt, about another 50km to the NW. Part of the reason for the prominent appearance of the Minigwal Lineament in magnetic data is that it appears to have been intruded along its length by a later magnetic dyke, which is likely to be part of the Proterozoic Jimberlana dyke suite.

A major (post mineral) sedimentary basin is situated to the east of the Minigwal Fault and covers a significant amount of the Eastern domain. A drill hole drilled by BHP during the 1980's, drilled to test a prospect at the apex of the broad syncline visible on the regional magnetics (~565000 E), intersecting 380 m of Permian cover before reaching the Archean basement. On this basis, it is possible that this deep basin covers a substantial extent of the intervening area between St George's East Laverton tenements and those of the Tropicana Joint Venture further to the east.

Gold mineralisation appears to be focussed in jogs developed where the shear system was folded into a more northerly orientation, suggesting a late syn-mineral disruption of the dominant regional shear regime. This provides a useful exploration targeting tool.

St George's projects are positioned between gold deposits at Sunrise and Tropicana, to the west and east, respectively. The gold, nickel and copper prospects show a strong alignment to the major structures present and the proximity of the komatiitic nickel-sulphide and gold prospects indicate that these are long-lived fundamental structures that have been reactivated over time.

FIGURE 4 - MINERAL FIELDS WITH REGION OF ST GEORGE'S EAST LAVERTON PROPERTY

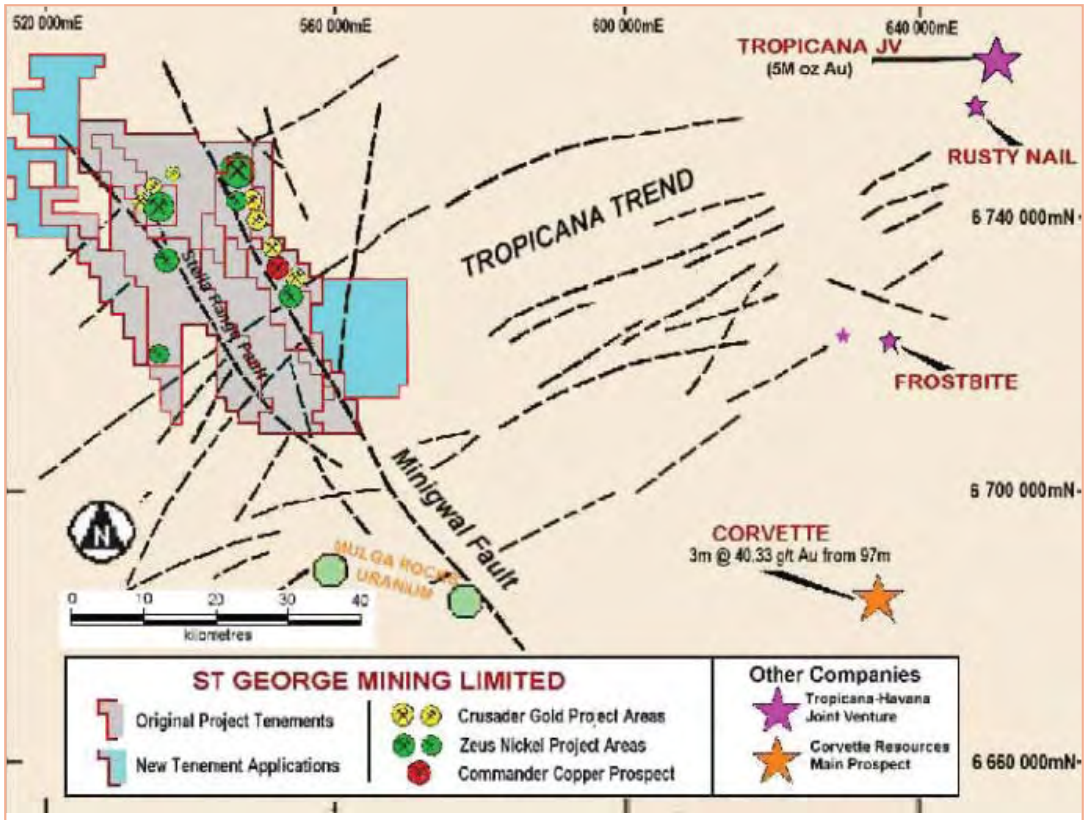


FIGURE 5 - REGIONAL STRUCTURES AND SETTING OF CRUSADER GOLD AND ZINC NICKEL PROJECTS

CRUSADER GOLD PROJECT

To the west of the Crusader Gold project area, the Laverton Region has supported the discovery of several large gold deposits during the previous 25 years including: Granny Smith; Sunrise Dam; and Wallaby. Some 50- km east of the St George tenements is the Tropicana Gold Deposit.

The Crusader project covers a significantly under-explored greenstone belt that has received only limited previous exploration activity because of its relative remoteness and Palaeozoic and Cainozoic cover.

The existing detailed magnetic coverage indicates that the St George tenements are situated along the Minigwal and Stella Range faults where they are cross-cut by a fundamental NE-SW tensional fault system normal to the regional NNW-NW strike (locally known as the "Tropicana Trend").

There are a number of large cross cutting south-westwards structures from the area hosting the Tropicana Deposit. Similar orientated structures exist in the St George tenements, where they appear to act as local controls on gold mineralisation.

At least two distinct styles of gold mineralisation may be present on the St George tenements: classic greenstone-hosted gold deposits and silica-poor "Tropicana style" of mineralisation hosted in a more ductile, higher-metamorphic setting. However, the local controls on these two styles of mineralisation appear to be similar, and as Tropicana was discovered through soil sampling with air-core and RC follow-up, this provides some confidence in the methodology employed by the previous explorers.

Extensive gold mineralisation has been identified by shallow exploration throughout the area of the Crusader Gold Project and a number of gold targets have been defined. These prospects include the Desert King, Desert Knight, Regent and Crown prospects, the earlier stage Jubilee, Victoria and Grand Cross prospects, and the conceptual Red Dragon target.

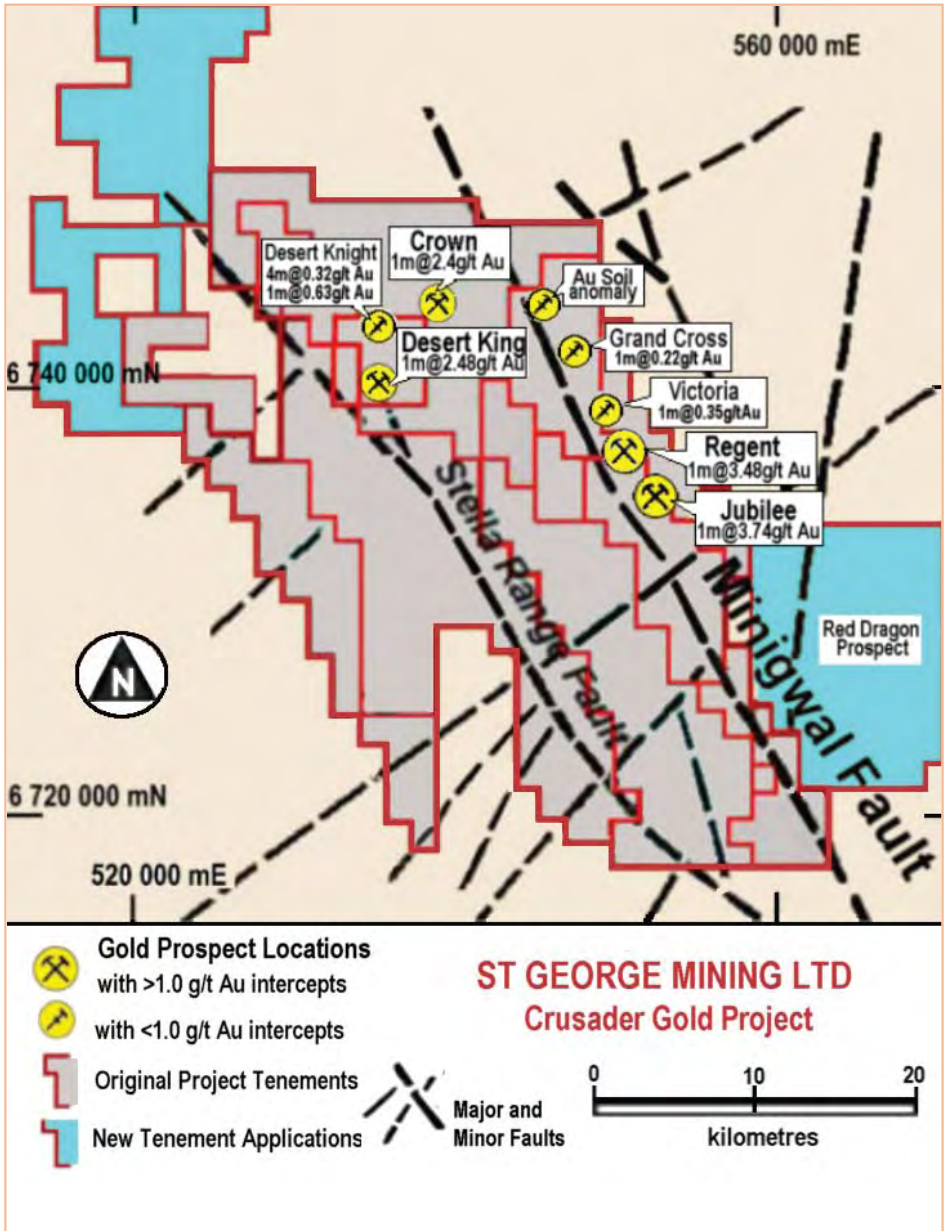


FIGURE 6 - CRUSADER GOLD PROJECT AND PROSPECTS

PREVIOUS EXPLORATION

The earliest mining activity in the region appears to be the known historical gold workings at Jasper Hill, about 45 km north northwest from St. George's Crusader Gold Project. This general area also includes the Fish Deposit where significant gold mineralization has been defined by earlier exploration.

Sections of the East Laverton Tenements have been intermittently explored by other companies since the early 1980's and a number of gold, nickel sulphide and copper targets have been defined for initial review and follow-up drilling.

The geological setting and mineralisation potential of the area have attracted a number of large companies in previous years. Initial gold exploration has been conducted in the area by Dominion, Western Mining Corporation, and Plutonic. However, no focused nickel-sulphide exploration has been previously conducted within this area.

Mines Department records indicate that over $3.4 million has already spent on exploration at the tenements by previous explorers. This previous significant expenditure has identified a number of prospects and forwarded the understanding of the regional geology, reducing the level of exploration risk for St George.

During 2005, a semi-regional soil sampling programme was carried out in the north west of the Crusader Project area by A1 Minerals Ltd. Sampling interval was at 200m spacing with lines spaced at 400m apart.

The test samples were obtained from 30 – 50 cm below the surface, sieved to -80 # and submitted for multi element analyses by two methods, a full aqua-regia digest and partial digest using dilute HCl.

The two different geochemical methods both confirmed the known mineralisation at the Desert King and Crown prospects. Figure 8 below illustrates the soil sampling test results.

This exploration work also identified a further gold prospect - the Windsor Prospect - further to the northeast along the inferred NE-SW cross-structure, and highlighted a small point anomaly to the south of Desert King.

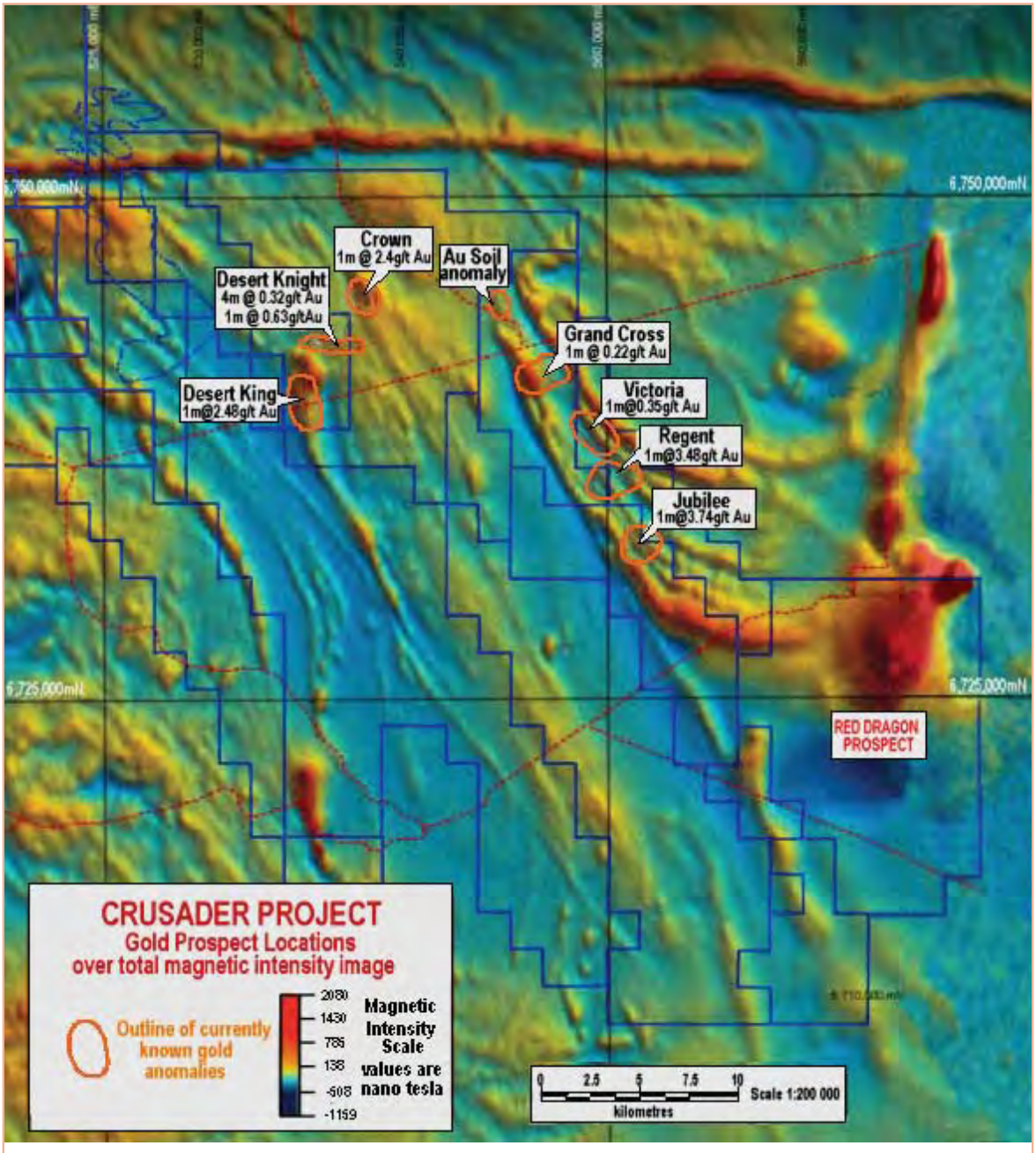


FIGURE 7 - CRUSADER GOLD PROSPECTS AGAINST TMI MAGNETICS BACKGROUND

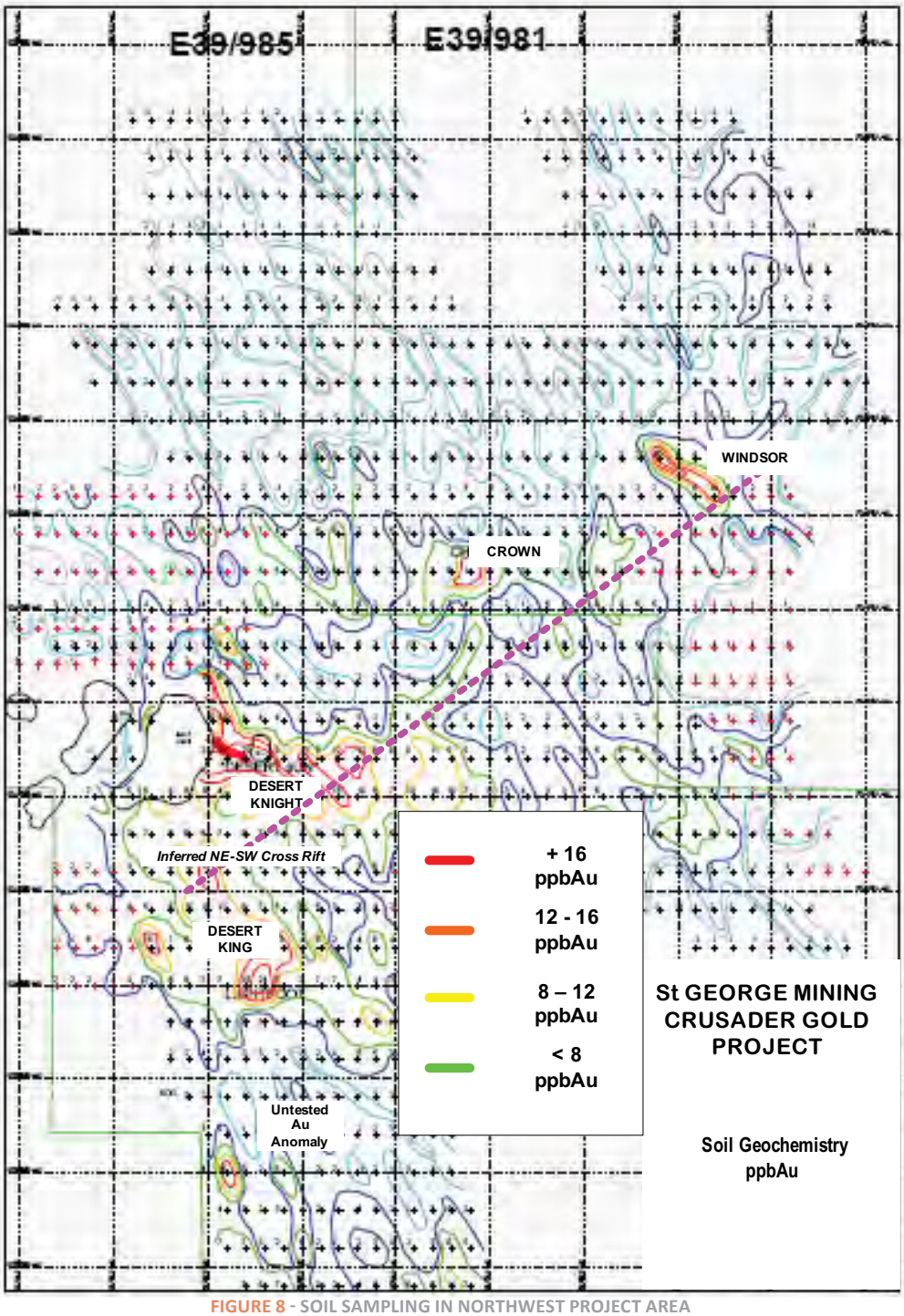


FIGURE 8 - SOIL SAMPLING IN NORTHWEST PROJECT AREA

DESERT KING GOLD PROSPECT

Previous drilling programs involved air-core and RAB drill holes and targeted an anomalous gold intersection in a single RC drill-hole – the Desert King Prospect. The drill traverses were focused on testing greenstone segments as interpreted by magnetic data. The younger cover sequences in this area average 35 m in thickness.

Various drill programmes stages have identified a 100m wide and 850m long anomaly where all holes intersected greater than 0.5 ppm Au.

A second drilling program in 1997 included 73 air-core drill holes over the prospect and increased the size of the anomaly to 1000+ m along a north-south strike and identified quartz veining within mafic schist. Multiple anomalous intersections (0.5+ ppmAu) were made towards the base of several drill holes suggesting that the top of this supergene zone was just penetrated. Table 1 below summarises the drilling results at Desert King.

Interpreting the geological logging, there is a suggestion of shallowly dipping multilayered sequence of mafic rocks (amphibolite as well as mafic volcanic) and felsic/intermediate rock. This gneiss has a variable mafic content partly derived from a mixture of mafic and felsic rocks. The interpreted shallow dip of the layers suggests there may be a dome structure at depth, possibly part of the nearby granitoids. Figure 9 below illustrates an inferred cross section of Desert King.

Gold occurrence indicated by drilling to date suggests a shallow easterly dip to the thicker mineralized envelopes containing the reported higher grades, in addition to the apparent semi horizontal supergene distribution of the gold. This may be analogous to the situation at the Sunrise Gold Deposit, near Laverton, where the supergene enriched gold "blanket" was laterally offset from the bedrock source.

The current width of the zone (over 250 metres) offers encouragement of a larger underlying or laterally displaced primary system. Drilling should be extended laterally and at depth. Three southeast trending cross faults were interpreted from magnetics data to have the potential for localising mineralisation.

The magnetics data indicate a larger and complex structural setting permissive of a zone of low permeability capable of focusing hydrothermal fluids and localising higher grade mineralisation. There are washed out areas that appear to indicate intense alteration within the broader area. Intelligent geochemical and geophysical tools are required to better interpret the geology and focus additional drilling within this system, testing both lateral and depth extensions of the current drilling.

The potential influence of flatly dipping structures should receive further consideration.

The Desert King Prospect has not been adequately tested. To the north and south scattered geochemically anomalous gold intercepts occur within areas of low drill density. There are several high priority structural targets along strike within the Lightfoot Greenstone Belt where early phase gold exploration is recommended.

ST GEORGE MINING LIMITED

HOLE ID	NORTHING	EASTING	DIP (degrees)	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	GRADE (ppmAu)
97LFAC024	6739680	534340	-90	46	44	46	2	0.90
97LFAC032	6739360	534340	-90	44	40	44	4	0.73
97LFAC034	6739360	534180	-90	40	32	40	8	0.67
97LFAC038	6739040	534420	-90	62	56	60	4	0.56
SRAC007	6741600	533100	-90	47	38	41	3	0.99
				inc.	38	39	1	2.46
SRAC0033	6740000	534220	-90	29	28	29	1	0.59
JSPC519	6744558	537088	-90	78	50	51	1	1.19
JSPC617	6735458	537138	-90	110	47	50	3	0.53
JSPC643	6735058	550488	-90	80	67	69	2	0.85
JSPD684	6731958	551988	-60	320	95	96	1	3.74
JSPD689	6734958	551088	-60	351	309	310	1	3.49

TABLE 1 - DESERT KING INTERSECTIONS AT A 0.5 PPMAU CUTOFF

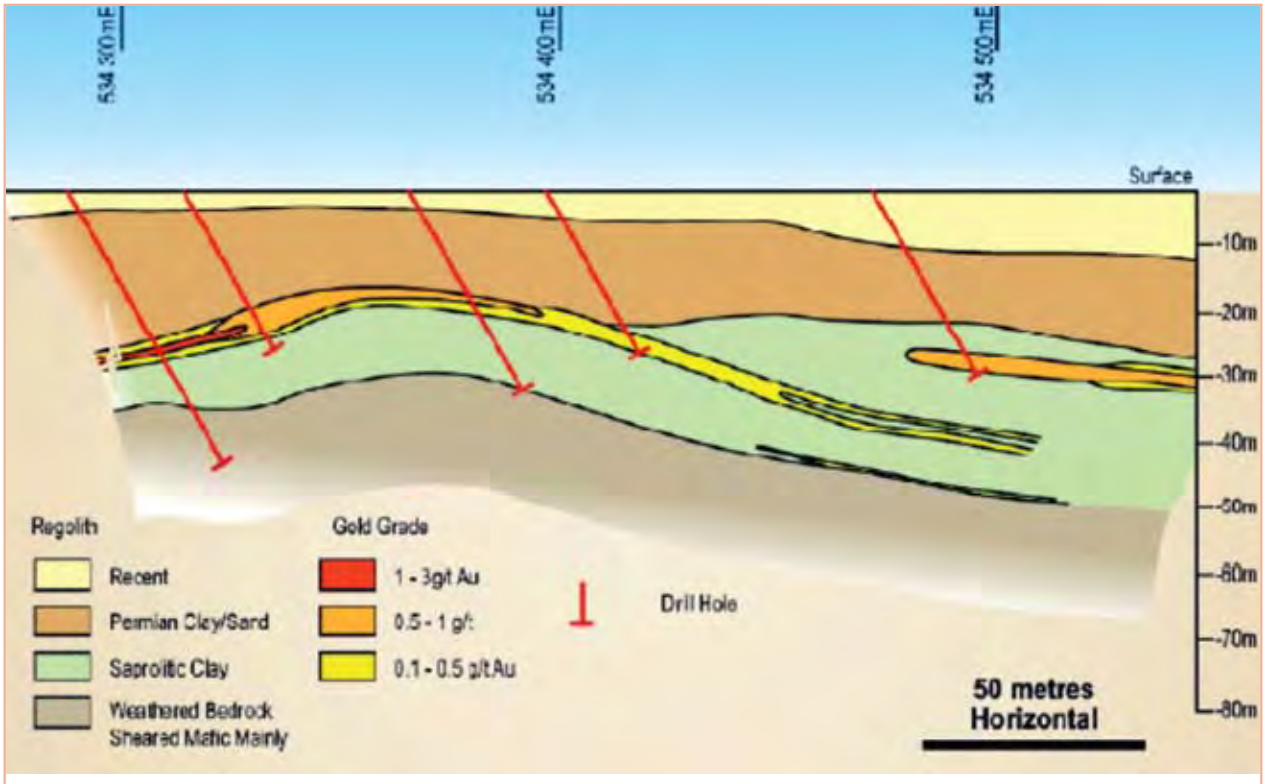


FIGURE 9 - INFERRED CROSS SECTION OF DESERT KING CROSS SECTION

DESERT KNIGHT PROSPECT

The Desert Knight prospect is located immediately north of the Desert King prospect and sits at the intersection of the regional NW-SE structure (Stella Range Fault) and a late cross cutting WSW-ENE structure, in an optimal trap-site for localising gold mineralization.

This area was identified from a review of magnetics within an extensive cross-cutting (ENE-trending) structural zone that also hosts the Crown prospect to the ENE.

During 2005, a soil sampling programme was carried out in the north west of the Crusader Project area by A1 Minerals Ltd. Sampling interval was at 200m spacing with lines spaced at 400m apart. The test samples were obtained from 30 – 50 cm below the surface, sieved to -80 # and submitted for multi element analyses by two methods, a full aqua-regia digest and partial digest using dilute HCl.

A soil anomaly was defined at Desert Knight covering an area of approximately 2,000 by 700 metres based on a 6ppb Au cut-off. The regolith is covered by younger sandy soil, indicating that the geochemical anomaly is consistent with the low-order values of the anomaly. The survey also confirmed the known mineralisation at the Desert King and Crown prospects, and identified the Windsor gold prospect, further to the northeast along the inferred NE-SW cross-structure.

Initially, only one line of air core drilling was completed at Desert Knight and a second one only partially drilled due to inclement weather. The drill spacing was wide and vertical holes were drilled. Table 2 below lists the drill results at Desert Knight.

Assays from the hole NAC-005 on the completed line reported an intersection of 4 metre anomalous intercept of 0.32 ppmAu from 30 – 34 metres, contained within saprolite. As the holes were drilled very widely apart, it is not possible to establish the significance of this intercept. Nevertheless it is indicating the presence of gold in the Archean basement around this drill pierce point and validating the surface soil sampling method.

More recently, an east-west line of air core drilling was completed by A1 Minerals Ltd to the east of the original soil anomaly. Two holes indentified anomalous gold: 12 m @ 0.1 ppmAu from 0 - 12 m in hole NAC-100, and 5m @ 0.19 ppmAu from 32-37 m (inc. 1 m @ 0.57 ppmAu) in hole NAC-106.

HOLE ID	NORTHING	EASTING	DIP (degrees)	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	GRADE (ppmAu)	LOCATION
NAC005	6,742,400	534,400	-90	54	30	34	4	0.32	CENTRAL ANOMALY
NAC100	6,742,300	534,700	-90	68	0	12	12	0.11	EASTERN LINE
NAC106	6,742,500	536,119	-90	37	32	37	5	0.19	EASTERN LINE
				inc.	36	37	1	0.57	BOTTOM OF HOLE

TABLE 2 - DESERT KNIGHT DRILL INTERSECTIONS AT A 0.1 PPMAU CUT-OFF

The more recent aircore drilling is geochemically significant, extending the target area further to the east. The intersection of 1 m @ 0.57 ppmAu (NAC-106) occurs at the bottom of the hole, indicating further and deeper drilling is warranted within this area. Figure 10 below highlights two key intersections within the area east of the Desert Knight soil anomaly.

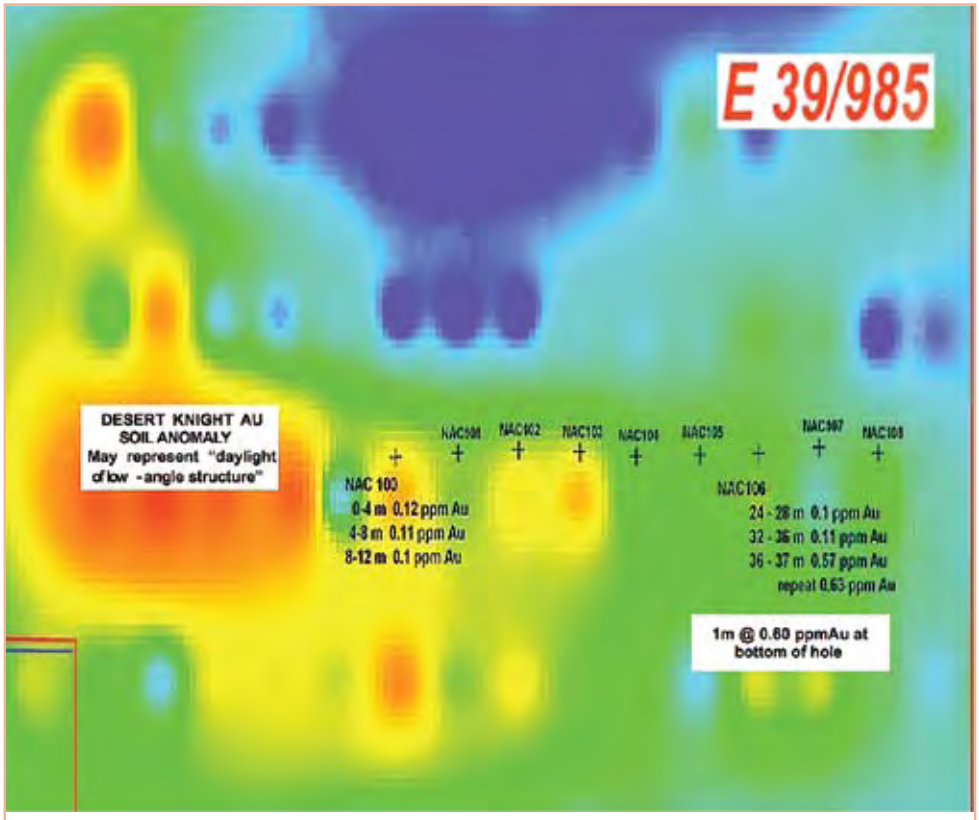


FIGURE 10 - ANOMALOUS GOLD MINERALISATION WAS INTERSECTED IN TWO HOLES TO THE EAST OF THE DESERT KNIGHT SOIL ANOMALY

CROWN PROSPECT

The Crown prospect is a coincident gold soil geochemical anomaly and an enigmatic circular 500-600 diameter magnetic anomaly. Abnormally high biotite levels were observed at the prospect and this may be suggestive of (high temperature) potassic alteration.

The prospect is situated further east along an ENE cross cutting structure from Desert Knight. The prospect was partially tested by Western Mining drilling fourteen drill holes that defined geochemically significant zones of gold mineralisation (0.1+ ppmAu) that may be able to be correlated between holes. Table 3 below lists these drill intersections.

Higher gold values are: 1 m @ 1.19 ppmAu (JSPC-519) and 4 m @ 0.48 ppmAu, including 1 m @ 0.7 ppmAu (JSPC-617).

The results from previous drilling indicate a focal point for gold mineralisation within the area and further drilling to test lateral continuations and layered repetitions of mineralisation is required.

HOLE ID	NORTHING	EASTING	DIP (degrees)	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	GRADE (ppmAu)
JSPC519	6744558	537088	-90	78	41	42	1	0.15
					50	51	1	1.19
					53	54	1	0.22
JSPC616	6744658	537038	-90	112	56	57	1	0.12
					59	60	1	0.12
					69	70	1	0.10
					78	80	2	0.18
JSPC617	6744458	537138	-90	110	4	5	1	0.13
					46	50	4	0.48
				inc.	47	48	1	0.70
					52	53	1	0.16
					54	55	1	0.34
					58	62	4	0.23
				inc.	58	59	1	0.38
JSPC619	6744658	537138	-90	112	86	87	1	0.13
					88	89	1	0.12
JSPC631	6744508	537088	-90	88	4	7	3	0.16
					51	52	1	0.15
					55	56	1	0.13
					67	68	1	0.35
					72	73	1	0.16
JSPC632	6744408	537088	-90	92	7	9	2	0.29
					43	44	1	0.34
					45	47	2	0.34
					62	64	2	0.10
JSPC633	6744408	537188	-90	70	52	53	1	0.28
					54	55	1	0.18
					56	59	3	0.22
					60	63	3	0.22
				inc.	60	61	1	0.37

TABLE 3 - CROWN DRILL INTERSECTIONS AT A 0.1 PPM AU CUT-OFF

WINDSOR PROSPECT

A large gold anomaly generated by soil sampling is situated to the north-east of the Crown Prospect, and lies within a structurally significant location. It remains to be tested. The eastern extension of the NE-SW cross structure that hosts the Desert Knight and Crown Prospects intersects the northerly trending Minigwal fault in this region.

The Minigwal lineament defines a fairly sharp western margin for the greenstone terrane to the east and appears to control the structural architecture of greenstone belt formation, implying it is a fundamental ("mantle piercing") structure. This interpretation is supported by the nearby komatiitic nickel-sulphide targets (Adonis and Athena).

An air-core drilling programme is warranted in this area to test the subsurface expression of this target.

Figure 11 below shows the soil anomaly that identified the Windsor prospect.

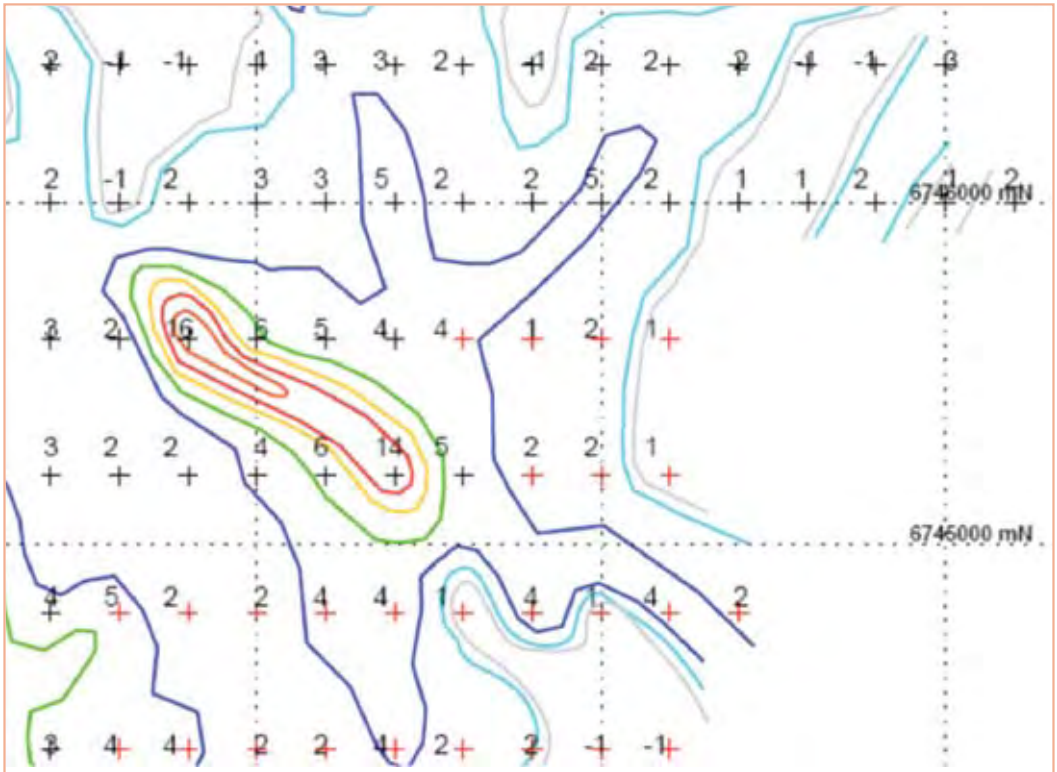


FIGURE 11 - GOLD SOIL ANOMALY AT THE WINDSOR PROSPECT

REGENT, JUBILEE, VICTORIA & GRAND CROSS AU PROSPECTS

The Regent prospect is centrally located within a 15 km zone of anomalous gold mineralisation that lies immediately east of and traces the fundamental, northerly trending Minigwal Fault.

It contains a number of other gold prospects: Grand Cross and Victoria to the north of Regent and Jubilee to the south. The Commander Copper prospect lies immediately south of Regent on the same structure. The Adonis and Athena Ni prospects lie to the immediate north of the Victoria prospect on around the intersection of a NE cross structure.

A large portion of the gold zone is coincident with the contact between an ultramafic and a metasediment unit. Mineralisation in the Laverton region is often localised along contacts of ultramafic units because of the contrasting physical and chemical properties.

A 250m spaced airborne magnetic survey was completed as an aid to focussing RC exploration drilling. Significant intersections from diamond-core drilling included 1m @ 3.74 ppmAu from 95 to 96m at the Jubilee prospect (JSPD-684) and 1m @ 3.49 ppm Au from 309 to 310m (JSPD-689) at the Regent prospect, though most of the holes returned much lower values. Table 4 below lists these drill intersections. Figure 12 below illustrates the trend for the Regent prospect.

Major cross structures that are apparent on the magnetics in the Desert King prospect are also situated to the ESE of Jubilee line of gold prospects, and it is possible that all of these prospects occur as periodic intersections with the NW-SE regional structures.

A more detailed re-assessment of this area is required to better define the structural architecture and locate the more favourable settings along this extensive mineralised trend. Areas where geophysical data indicates the presence of later cross structures, or gravity data indicates underlying intrusives, should be given priority.

HOLE ID	NORTHING	EASTING	DIP (degrees)	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	GRADE (ppmAu)
JSPC471	6733758	550468	-90	106	102	104	2	0.245
				inc.	103	104	1	0.39
JSPC509	6740058	547638	-90	103	90	91	1	0.12
JSPC541	6732958	550938	-90	112	99	100	1	0.10
JSPC564	6736958	550138	-90	82	73	74	1	0.35
JSPC588	6731958	552138	-90	76	36	37	1	0.12
JSPC589	6731958	551938	-90	94	89	92	3	0.39
JSPC591	6737558	549838	-90	90	57	58	1	0.24
JSPC598	6739458	548438	-90	120	117	119	2	0.18
JSPC599	6739658	548438	-90	120	116	117	1	0.13
JSPC643	6735058	550488	-90	80	67	69	2	0.85
JSPC662	6730598	554138	-90	46	34	34	1	0.17
JSPC665	6737158	549938	-90	110	78	79	1	0.13
JSPC680	6733158	550138	-90	58	22	23	1	0.11
JPPD682	6732558	551658	-60	366	66	67	1	0.12
JPSD684	6731958	551988	-60	320	94	96	2	1.94
				inc.	95	96	1	3.74
JSPD685	6732758	551588	-60	226	206	212	6	0.15
				inc.	206	207	1	0.26
JSPD689	6734958	551088	-60	351	309	311	2	1.82
				inc.	309	310	1	3.49

TABLE 4 - REGENT AND OTHER DRILL INTERSECTIONS AT A 0.1 PPMAU CUT-OFF

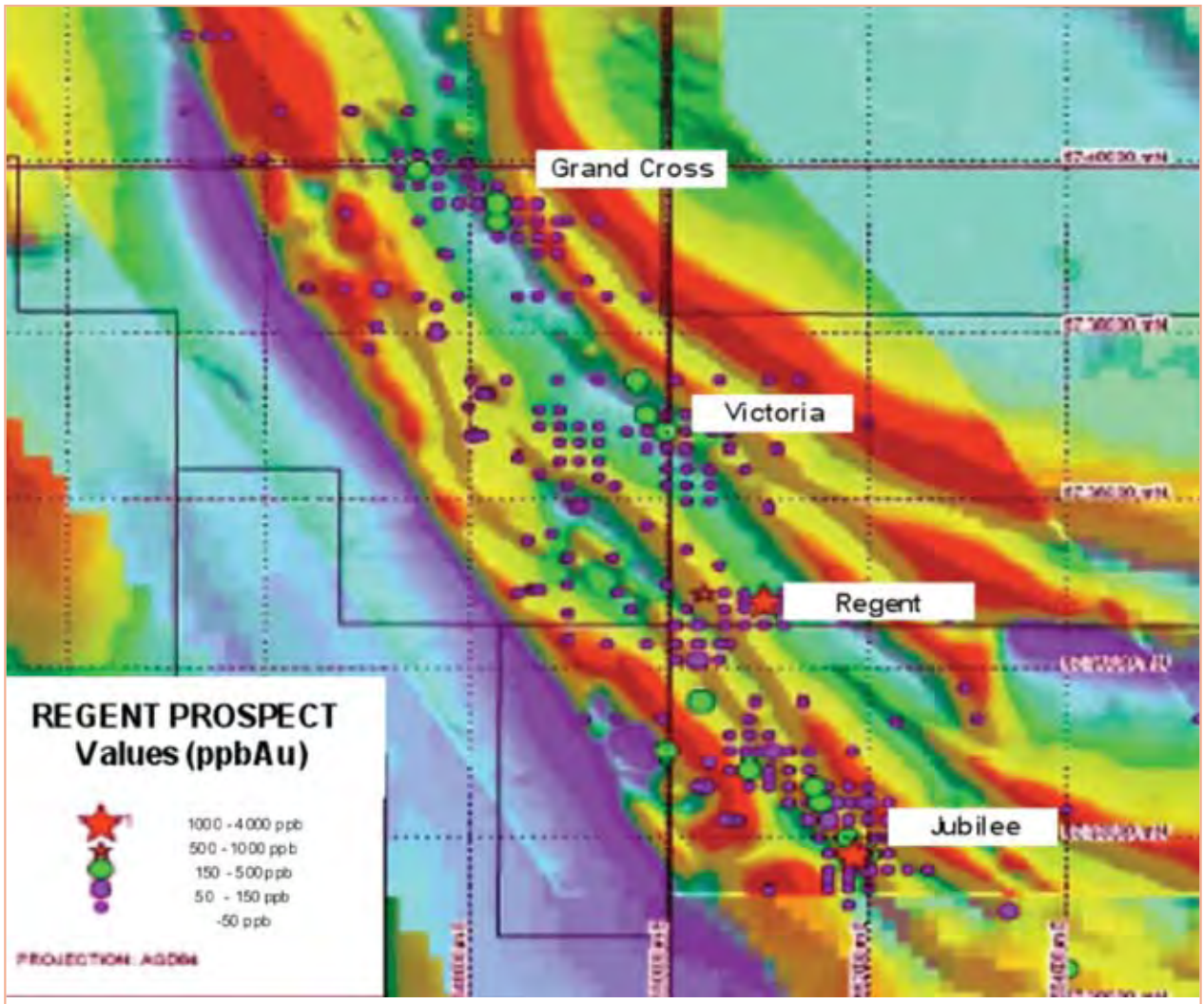


FIGURE 12 - REGENT GOLD TREND IN THE EASTERN PROJECT AREA

RED DRAGON PROSPECT

The Red Dragon prospect is a conceptual exploration target centered on a large TMI (total magnetic intensity) anomaly that dominates the local area. The prospect is suggested as being prospective for a large gold system within a recognized complex tectonic and magmatic environment.

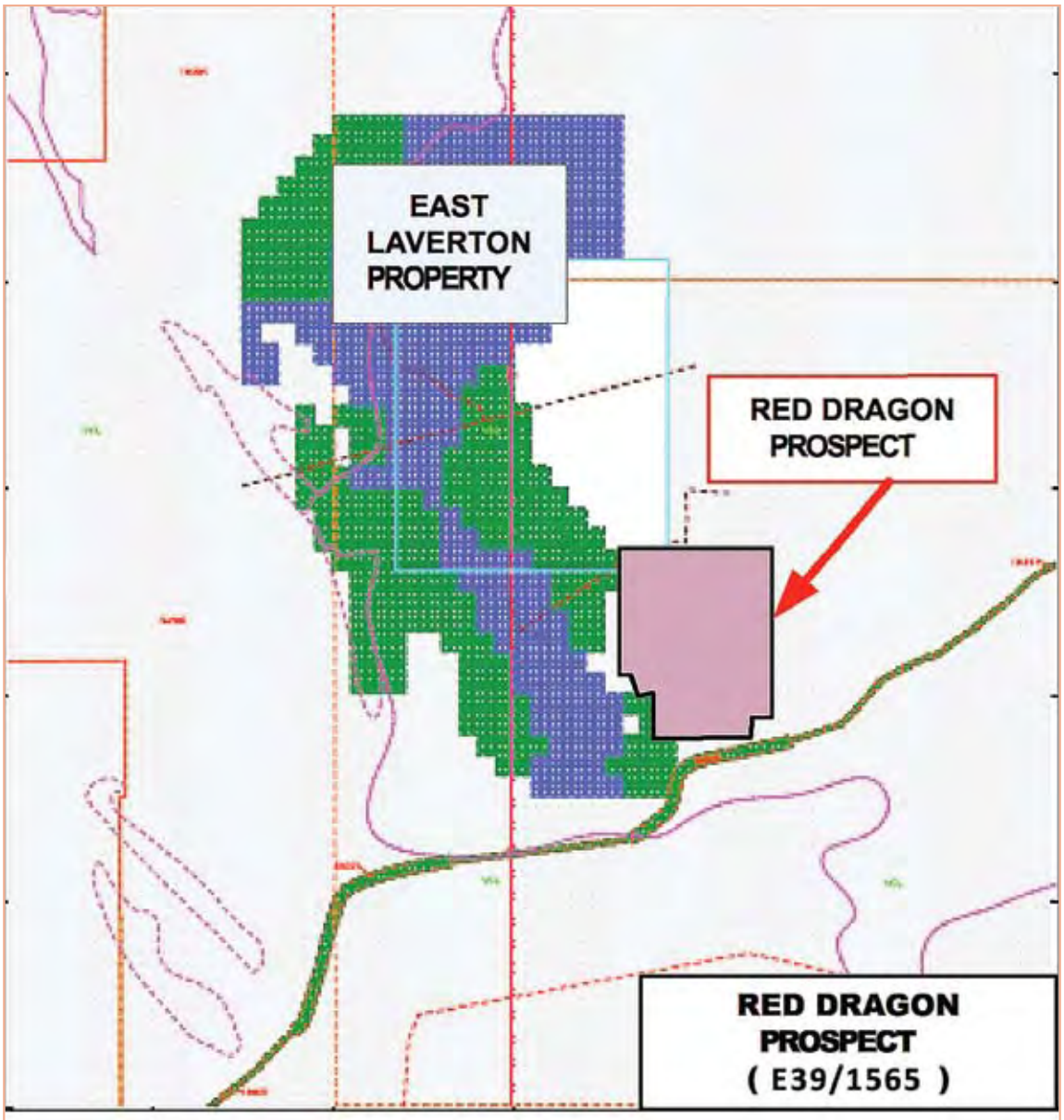


FIGURE 13 - RED DRAGON PROSPECT – SHOWN RELATIVE TO THE MAIN EAST LAVERTON PACKAGE

The Red Dragon prospect was first explored by BHP in the early 1980's for Olympic Dam style Iron Oxide Copper Gold (IOCG) mineralisation on the basis of the discrete, large, magnetic response. Red Dragon was one of three targets selected from a large exploration programme along the eastern margin of the Yilgarn craton[1]. The area is secured by St George through an application for an Exploration Licence (E 39/1565), covering an area of 66 graticular blocks. The application is located to the SE and is party contiguous with the main East Laverton tenement package.

BHP conducted initial ground magnetics and gravity surveys to better model the magnetic anomaly prior to drilling. A single inconclusive diamond hole (M-2A) was then drilled to test the main part of this magnetic anomaly. The hole intersected the Archean basement at 381 m down-hole and was terminated at 423.4 m. The upper section drill hole went through surface sand and then grey, clayey-shale (Permian Patterson Formation) before reaching Archean basement at 381 m depth (down-hole). Below 381 m, the drill hole encountered a matrix supported breccia before passing into highly-magnetic "iron-stone" until the end of the hole. More recent inversion processing and forward modeling of the magnetic data (Southern Geoscience) confirms the drill detected depth of this unit and suggests a thickness of ~1,000 m.[2]

The original drill log reports the matrix supported breccia is comprised of mainly sub-rounded chert fragments and lesser amount of a pale green sericite + chlorite rock ex-volcanic rock. The matrix is soft and maroon in colour (weathered chlorite) and is hematitic in nature. There is some chlorite + carbonate alteration along shears and hematite + patch fracture controlled hematite + calcite is noted. Underlying this breccia unit is a magnetite + chert iron stone with honey coloured siderite (iron carbonate) and chlorite alteration. Gold is present in geochemically anomalous levels associated with elevated levels of copper and zinc.

Geology and Mineralisation

The Red Dragon Prospect is, compared to the Company's other prospects at the East Laverton Property, located closest to the diffuse collisional margin between the eastern Yilgarn craton and the Proterozoic Albany Fraser Mobile Belt. The magnetic anomaly at the Red Dragon site appears to be associated with a magnetic "ironstone" formation, the top of which was intersected in BHP drill-hole M-2A.

The ironstone formation lies on the eastern side of the nose of an interpreted regional syncline. The syncline and prospect lies in the eastern domain (east of the regional Minigwal shear) where the metamorphic grade is thought to be of greenschist facies. Major NE dipping thrust faults that are visible on magnetic gradient maps lie immediately to the south of the synclinal closure and the ironstone. Interpretation of processed airborne magnetics (coloured TMI gradient combination) show the iron stone is situated on a major NE-SW cross structure passing by the nose of the fold.

On the eastern margin of the prospect area, a major terrane boundary is parallel with eastern limb of the regional syncline. The magnetic response is flat and of diffuse nature to the east the syncline. The western limb of the fold parallels a thrust fault "day light" that appears to have been reactivated as a regional, NW-SE shear zone.

A major magnetic low to the south-west of the ironstone may represent a concealed intrusive. The interpreted intrusive appears to be a large circular feature of more subdued magnetic response of unknown provenance.

This ironstone formation is typical of that found in goldfields in the Australian Paleo-Proterozoic (e.g. Rover and Tennant Creek). These ironstones form prior to gold mineralisation but provide an important local physical and chemical focus. Iron, and sometimes other base metals, are remobilised and transported under hot, acidic and possibly saline conditions and then locally deposited in low-pressure, dilational structural-sites similar to those that host the later gold mineralisation. They act as important local competency contrasts and the process provides a source of reduced and metalliferous fluids.

A diagnostic feature of highly oxidized gold systems is that the bulk of the mineralisation can occur in adjacent, weakly magnetic hematite alteration zones marginal to main ironstone. Consequently, the maxima of magnetic anomalies are not optimal drill targets for mineralisation of this style. One must combine mineralogical data with magnetic and gravity data to locate hematite alteration adjacent to magnetite alteration. [3]

1 ALDOUS, R. (1983); BHP FINAL REPORT – TR 8742 H; WA MINES DEPARTMENT OPEN FILE REPORT; CODE – A12196 (ITEM 2404)

2 Carew, J. (2007); "Narnoo Magnetic Modelling"; Southern Geoscience Consultants, 25th September, 2007; Internal St George Mining Company Report

3 Skirrow, R. et al (2006); "Gawler Craton Breaks Cover - New datasets aid area selection and targeting"; Australian Geoscientific Organisation Publication, 2006

The drill-hole M-2A was stopped within the outer zones of the iron stone as this hole was drilled to test the source of a highly magnetic zone. As such, it did not test any adjacent dilational areas associated with shearing and rotation of this ironstone body. Away from the southern ironstone margins is a complex structural array. The estimated 0-40 degree dip of the iron stone is consistent with the likely angle of the large NE dipping thrust faults evident to the immediate south of the prospect area.

Red Dragon appears to be a large ironstone formation that is located in a complex and significant tectonic setting with evidence of local magmatism. The one diamond hole drilled encountered brecciated and weathered Archean basement, with mineralogy consistent with "spent-fluid" hydrothermal alteration which was identified. ("Spent" hydrothermal fluids are those that interact extensively with the country rocks in the outer zones of hydrothermal systems).

While the target remains conceptual in nature and the geological setting enigmatic, the area is permissive of hosting a major concealed gold deposit and requires further, cost-effective exploration.

Future Exploration

M-2A shows the top of the underlying Archean basement is oxidised and weathered, and therefore suitable for application of a partial leach geochemical survey ("Mobile Metal Ion" technology). A multi-element, partial-leach soil geochemical survey is planned to provide a low-cost validation of the prospect and an initial test of the target concept. This technique has been used successfully elsewhere on the property by previous explorers.

If the geochemical survey results are positive then a targeted gravity survey will be conducted as a supplement to the existing good quality magnetic data generated over the East Laverton Property during the "A1 Minerals-Oklo Uranium" joint venture.

The geophysical data sets (gravity and magnetics) will then be integrated with other geological and structural data to prioritise targets to be tested by a diamond drilling programme.

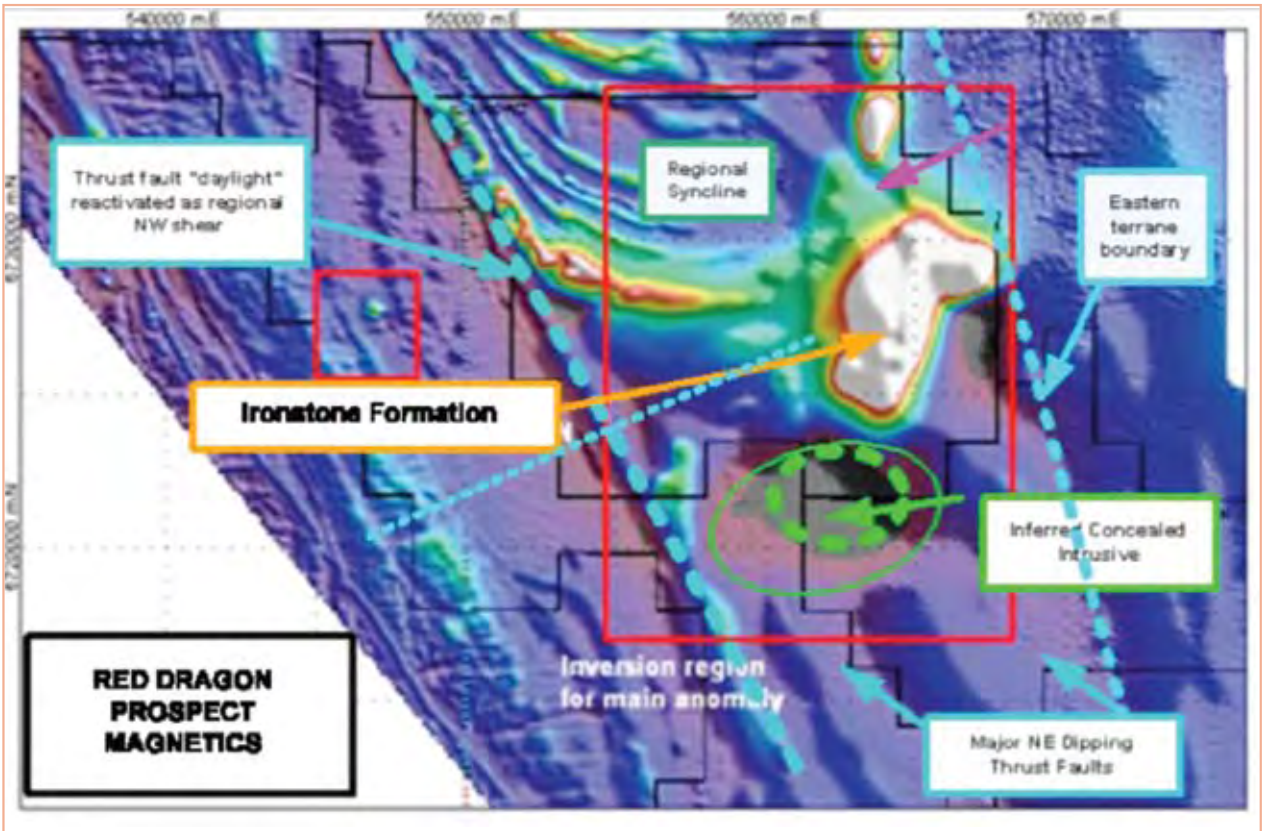


FIGURE 14 - RED DRAGON GOLD PROSPECT

ZEUS NICKEL PROJECT

REGIONAL SETTING FOR NICKEL SULPHIDE MINERALISATION

Geoscience Australia rates the North Eastern Goldfields as one of Australia's top three provinces for nickel sulphide exploration (see "Australia's Nickel Sulphide Deposits: Characteristics and New Ideas for Discovery", Presentation by Geoscience Australia at the Australian Nickel Conference, 13 – 14 October 2004). Nickel sulphide deposits in this province are usually associated with komatiite mineral systems.

The Zeus Nickel Project lies in a highly prospective high MgO komatiite (ultramafic volcanic) geological setting, with approximately 60 km strike length of this rare high MgO komatiite.

In November 2004, Western Mining Limited (now BHP-Billiton) announced a high-grade massive sulphide intersection (5.8 m @ 3% Ni, 2% Cu, 5.3 gpt PGE's) at the Olympia Prospect at Collurabbie (in the Eastern Goldfields), which highlighted the potential of poorly exposed Archean greenstone sequences near the eastern margin of the Yilgarn Craton.

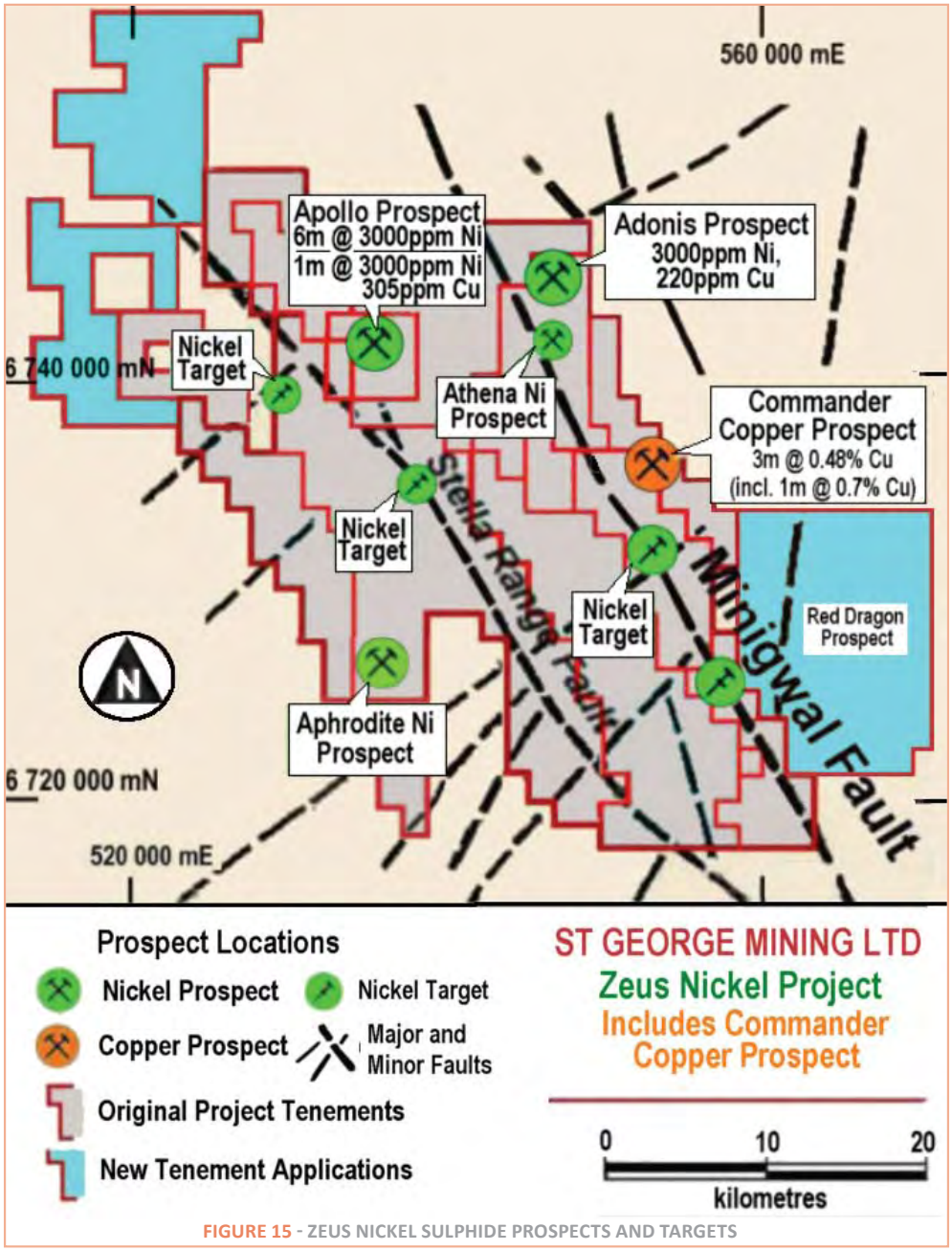


FIGURE 15 - ZEUS NICKEL SULPHIDE PROSPECTS AND TARGETS

This high-value-type of mineralization has not been previously documented in this part of the Yilgarn Craton and so this discovery has defined a new metallogenic province for nickel-sulphide mineralisation in the Duketon greenstone belt. (This project is not held by St George). Based on magnetic data, the ultramafic belt in the St George Tenements appears to be a southerly extension of this dunite horizon of the Duketon greenstone belt.[i]

The Zeus Nickel Project is therefore situated within a highly prospective geological setting. The Apollo, Adonis, Aphrodite and Athena nickel sulphide prospects at the Zeus Nickel Project have already been identified from the results of earlier gold-focused exploration in the tenement area. As no dedicated nickel sulphide exploration of these Dunite ultramafic zones has been completed, this ground presents an opportunity for a new nickel sulphide discovery.

PAST EXPLORATION FOR NICKEL SULPHIDE

Previous mineral exploration activity at the St George tenements and surrounding area was limited to gold and no dedicated nickel-sulphide exploration of the prospective ultramafic zones has been completed. Fortunately, much of the drilling was also analysed for Ni and Cu and this has enabled an early assessment of the Ni potential of the area.

Ultramafic rocks (komatiites) were intersected in a number of drill holes beneath Permian cover. Komatiites contain elevated levels of Ni as a primary constituent compared to most other rocks, and this is an indication of their mantle origin. Nickel levels in komatiites are variable but higher Ni levels are linked to higher MgO (magnesium oxide) percentages towards the base of the lava flow, where nickel-sulphide mineralisation may be situated.

Prospective channel zones (adcumulate) may be inferred when the Ni content is at levels of 3000 ppmNi and above. Table 5 below lists some drill results obtained through random grid drilling. Consistent Ni values of 1000+ ppmNi indicate komatiite horizons while Ni values of +2000 pm may provide a vector (orthocumulate) towards the adcumulate basal zone.

A number of intersections in excess of 3000 ppmNi from komatiites (ultramafic lavas) were found during drilling on the East Laverton Tenements and may imply the presence of volatile free, high magnesium rock with 40+ wt% MgO (a "komatiite channel").

HOLE ID	NORTHING	EASTING	DIP (degrees)	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	GRADE (ppmAu)
SNRC004	6735348	528711	-90	58	18	56	38	3610
				inc.	30	32	1	4450
JSPC354	6746498	545758	-60	87	26	27	1	3100
					28	29	1	4200
JSPC514	6741508	535438	-90	97	96	97	1	3000
JSPC517	6741058	535438	-90	106	102	106	4	3090
NAC008	6742400	534100	-90	63	MAXIMUM VALUE IN HOLE BUT INTERVAL AND WIDTH NOT REPORTED AT SOURCE			3442
SRAC026	6741600	535100	-90	68	MAXIMUM VALUE IN HOLE BUT INTERVAL AND WIDTH NOT REPORTED AT SOURCE			4610

TABLE 5 - NICKEL INTERSECTIONS AT 3000+ PPMNI CUTOFF WHERE VALUES OF 3000+ PPMNI AND ABOVE IMPLY A KOMATIITE CHANNEL FACIES.

The intersection of 36 m @ 3610 ppmNi (SNRC004) is representative of a channel complex. However, the hole is located immediately outside the northern boundaries of E 39/1520 and the western boundary of E 39/1229 on ground held by a third party. This is an old drill hole and the quality of the survey control needs to be verified by a collar survey using a modern digital GPS survey system.

While this intersection is outside of St George's tenement, it is still significant from a geological and exploration context. Interpretation of the TMI magnetic gradients suggest the hole SNRC004 is situated on a north-west trending magnetic (ultramafic body).

Modeling of the principal post-mineral structures indicate both southeast east to north-east and south-east dipping surfaces, which would result in an easterly plunge.

Prospective channel zones define ribbon to pipe-like volumes within their host intrusions, with down-plunge extents orders of magnitude greater than their other dimensions.

This has important exploration implications as initial exploration drilling may only locate a narrow cross-section of a channel or mineralized zone which has a significant plunge extent. It is possible the plunge of any mineralisation within the immediate area would be trending back onto St George's tenement. The interpreted ultramafic horizon also extends southwards onto St George's tenement.

These intersections of high Ni ultramafic were obtained as a random consequence of a grid pattern drilling programme, and there has been no focused effort to identify basal contact zones of these komatiite occurrences, which are the most prospective settings for nickel sulphides.

High MgO komatiites are identifiable by their high magnetic response, the result of magnetite being formed from the serpentinisation of olivine. Several targets display this association and are readily identifiable on magnetic images. Figure 15 below highlights key NiS targets at the Zeus Nickel Project against a total magnetic intensity image.

Gold mineralisation displays a close spatial association with favourable nickel sulphide areas at the East Laverton Property. In these areas the magnetite may be consumed by the associated hydrothermal alteration (e.g. carbonation and sulphidation).

The implication is that while the current nickel-sulphide targets are coincident magnetic anomalies, mineralisation may also be present in areas with weak or no magnetic responses.

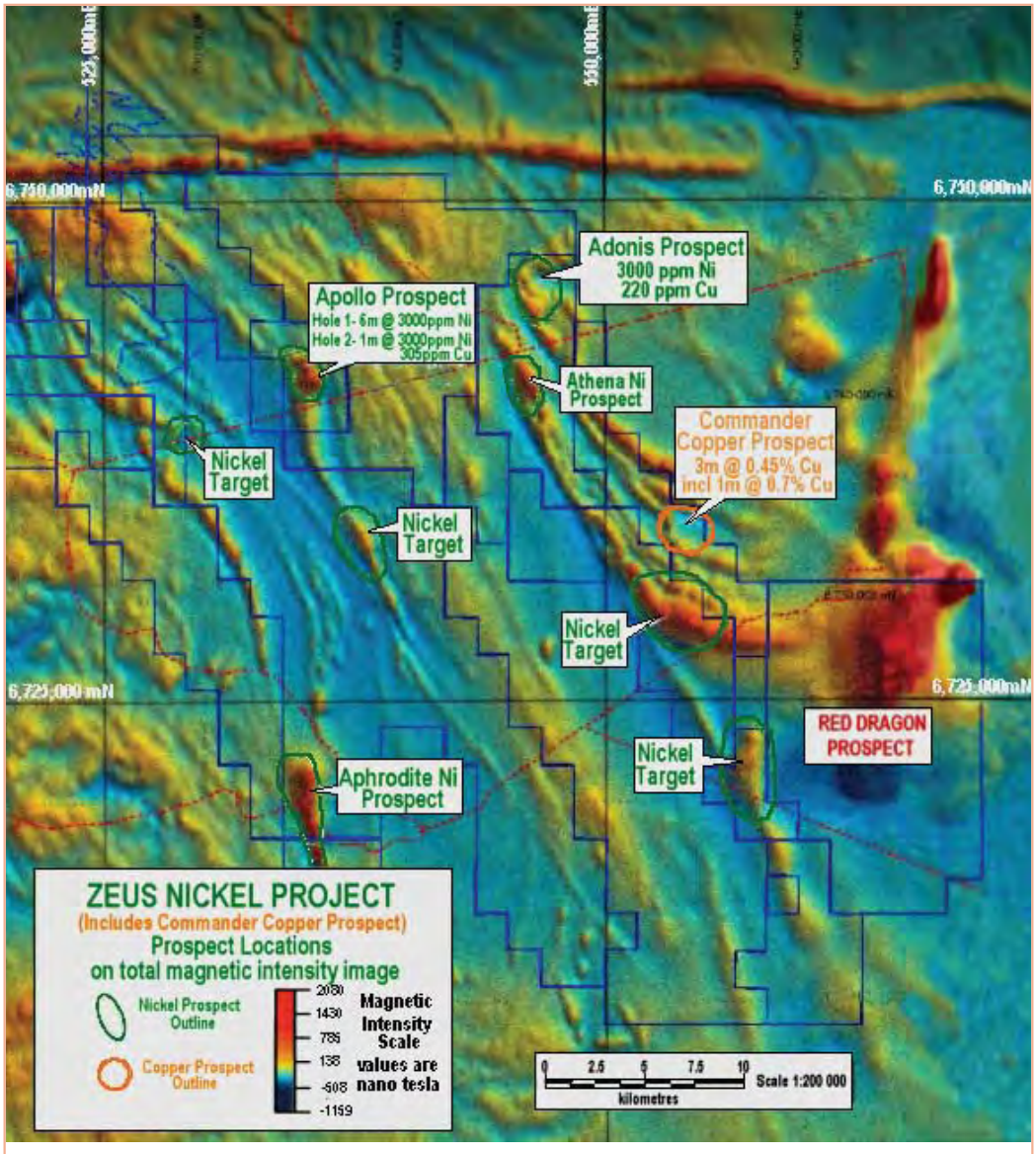


FIGURE 16 - ZEUS NICKEL PROSPECTS AGAINST BACKGROUND OF TMI MAGMATIC RESPONSE

APOLLO PROSPECT

The Apollo nickel sulphide prospect is roughly coincident with the Desert Knight gold prospect within EL 39/981.

The Apollo prospect is the most advanced of the Company's NiS prospects. Figure 17 below illustrates the strong magnetic response from the Apollo prospect.

The Apollo prospect represents a potentially large high-MgO komatiite channel complex with some suggestion of the occurrence of magmatic nickel sulphide. There has been only very limited drill testing of the ultramafic as many of the gold air-core holes may not have penetrated Permian cover, and so there has been no effective location and testing of the interpreted basal contact position.

The geology assigned by previous logging and the geochemical response does not correlate in several holes, implying a greater volume of ultramafic exists than initially thought.

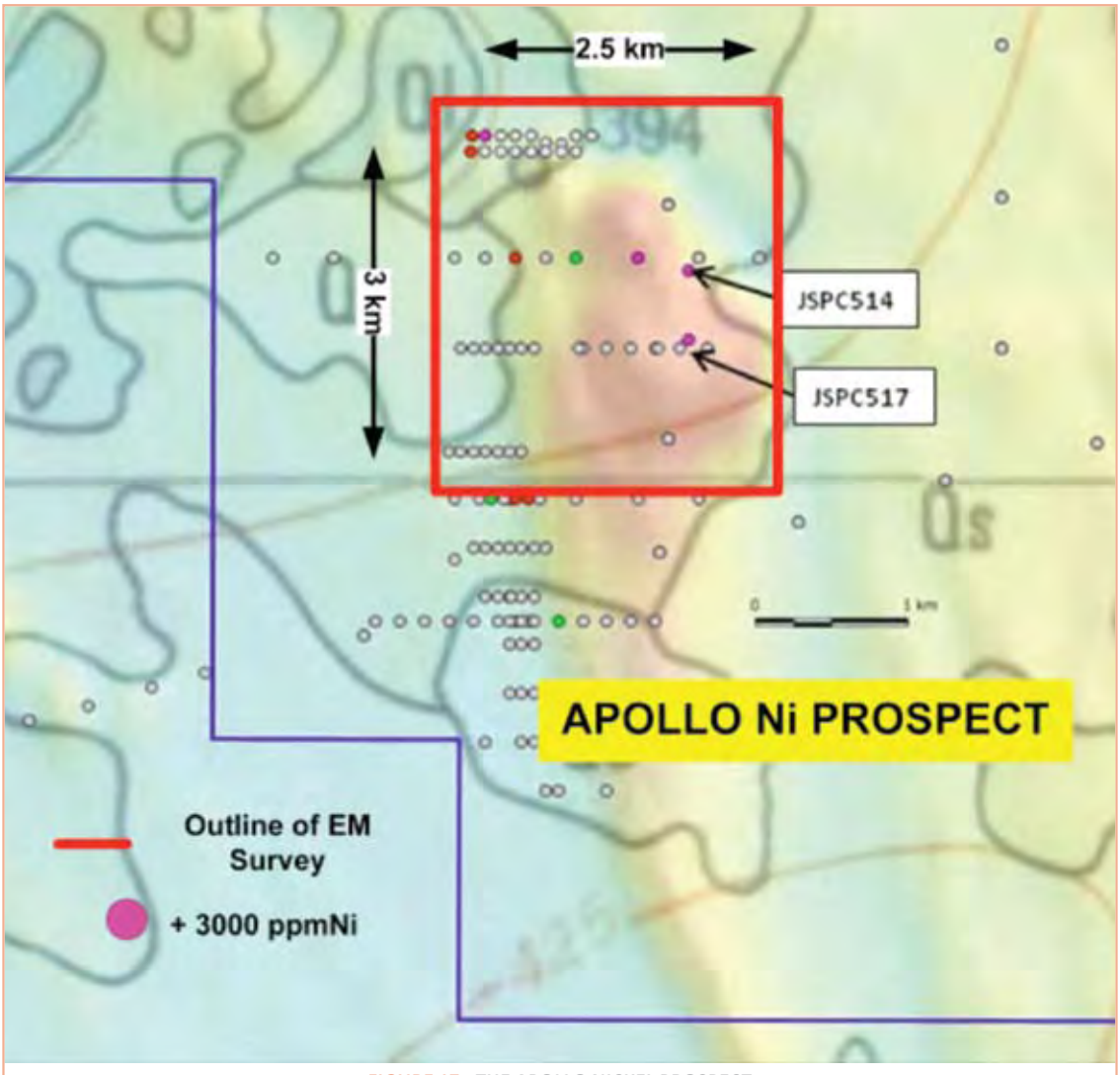


FIGURE 17 - THE APOLLO NICKEL PROSPECT

APHRODITE PROSPECT

A surface transient electro-magnetic survey was conducted by a previous explorer (Western Mining Corporation) in 1997 within the Aphrodite area. The survey consisted of a 200 x 200 m loop survey using a Zonge GDP-16 on a line spacing of 300 m and a station spacing of 100 m. Selected areas were in filled to 200 m lines and 50 m stations. A strong bedrock conductor lies on the western margin of the magnetic stratigraphy. The source conductor for this anomaly was not determined as this target remains to be tested.

The geophysical response indicated the presence of a conductive body (as illustrated in Figure 18 below), permissive of a massive sulphide lens. The geophysical target is consistent with a thick magnetic response occurrence that may represent a komatiitic channel flow. Drill testing of this anomaly is warranted.

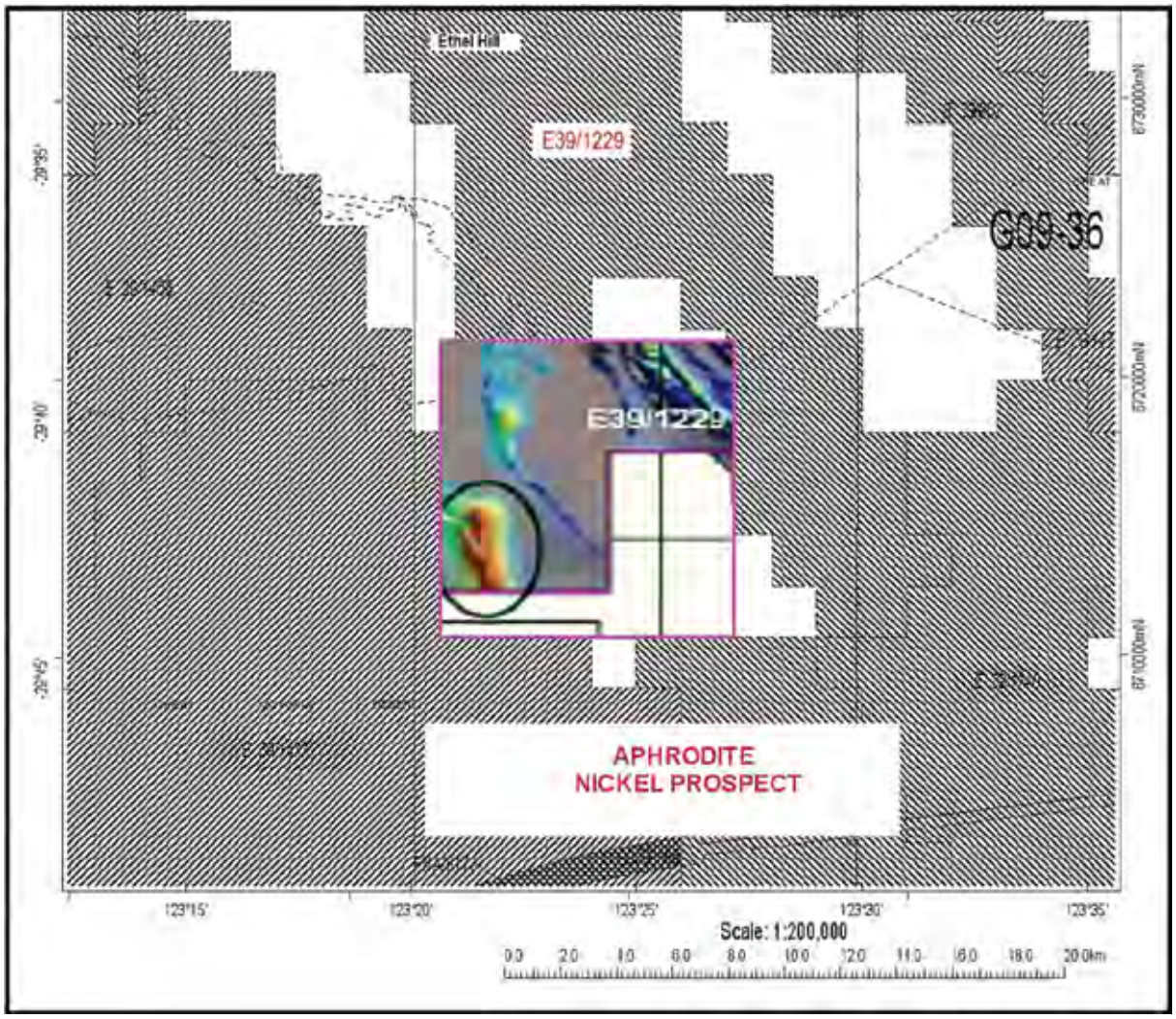


FIGURE 18 - APHRODITE NICKEL PROSPECT WITH UNTESTED TEM GEOPHYSICAL ANOMALY

ADONIS AND ATHENA PROSPECTS

The Adonis nickel sulphide prospect is located within E39/981, to the NE Crown gold prospect, along the same cross cutting NE structure that hosts the Apollo Ni prospect. This structure is interpreted as a fundamental volcanic rift structure formed during early komatiitic magmatism and reactivated during the late craton-scale gold event. To the south of the Adonis project but still within Exploration Licence (39/981) lies the Athena Prospect.

EMPIRE COPPER PROJECT

There is a possibility for VMS (Volcanic Massive Sulphide) base metal mineralisation within the Company's tenements. Gold-rich VMS (volcanic massive sulphide) deposits occur in deformed and metamorphosed submarine volcanic settings within greenstone belts. VMS deposits are often seen as "proxies" for komatiitic nickel sulphide deposits. That is deposits that occur in similar setting and conditions, thereby additionally validating the potential area for both types of mineralisation.

VMS deposits are an economically important resource globally for base and precious metals, especially in environments where a later gold event over prints an older sulphide-rich VMS event. In Au-Cu VMS deposits, gold is concentrated at the base of the massive sulphide lens or within the underlying stringer zone.

Previous drilling at the Empire Project returned copper values (to 7000 ppmCu or 0.7 %cu) without corresponding nickel responses at 57 to 58 m in hole JSPC-475. These drilling results are summarised in Table 6 below, and are the basis for the Company's Commander Copper Prospect.

The prospect is sited near an inferred cross-rift structure. The low magnetic background response is consistent with a strongly altered setting and or a felsic volcanic stratigraphy. These features are shown in Figure 19 below.

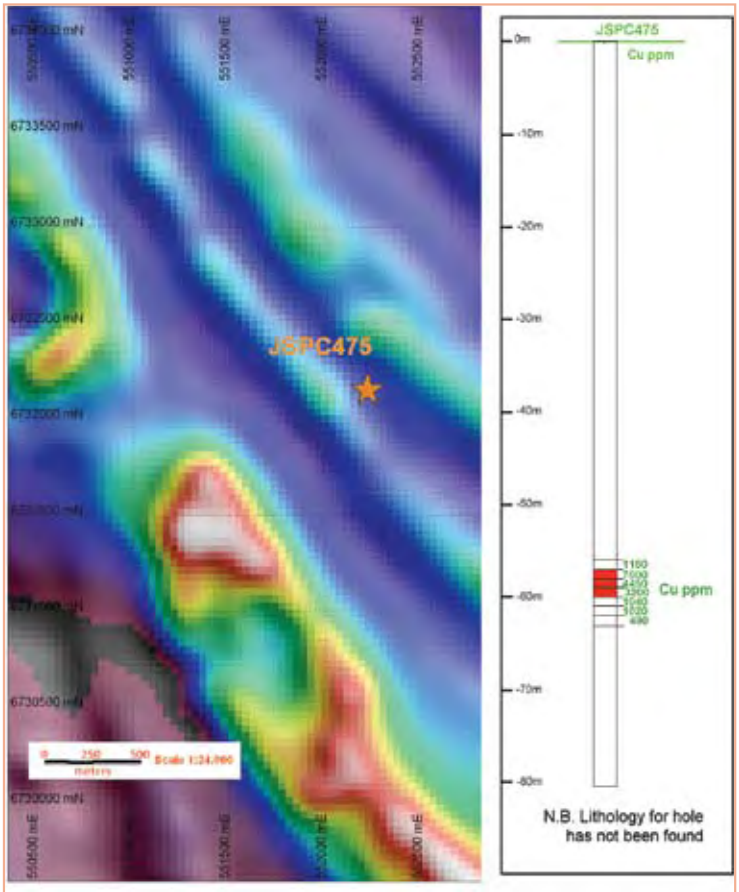


FIGURE 19 - HOLE JSPC 475 WITH HIGHLY ANOMALOUS VALUES ADJACENT TO INTERPRETED VOLCANIC RIFT AND HOSTED IN LOW MAGNETIC (POSSIBLY ALTERED) ROCKS

The marginal setting of the Empire Project is an environment consistent with VMS mineralisation. Elevated levels of Sb, As, Hg, and Ba are characteristic of high-grade mineralisation in favourable horizons. Exhalative sedimentary horizons with some low-level base-metal anomalism have also been intersected locally, in close proximity to ultramafic units. This is a single randomly obtained intersection that warrants further follow up drilling.

HOLE ID	NORTHING	EASTING	DIP (degrees)	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	GRADE (ppmAu)
JSPC4715	6732158	552218	-90	80	56	57	1	1160
					57	58	1	7000
					58	59	1	4250
					59	60	1	3200
					60	61	1	1160

TABLE 6 -ANOMALOUS CU INTERSECTIONS FROM EMPIRE COPPER PROJECT

CONCLUSION & RECOMENDATIONS

The East Laverton Tenements are prospective for gold and nickel deposits. Additional copper potential is indicated by the random drill intersection at the Empire Project.

The tenements are situated in a favourable regional setting, along the convergent margin of the Eastern Yilgarn Craton, which has a long tectonic and metalogenic history. This area has previously attracted several large companies (Dominion, Western Mining and Plutonic) in their searching for large gold deposits.

While the St George projects are still relatively early stage exploration projects, a considerable amount of exploration expenditure (~AUD$ 3.4 M) has already been spent in advancing the property and has identified a number of significant targets that warrant immediate follow-up or are developed drill-targets.

The new tenements need to be assessed by a broad-scale geochemical survey that will assist in identifying additional priority targets for testing by air core drilling. By using multi-element geochemistry, it will be able to map rock types (mafic, ultramafic, felsic) as broad domains.

There has not been any focused nickel-sulphide exploration within St George's tenements despite the favourable nickel intersections made by both Dominion and Western Mining during gold exploration drilling. These results were random and the result of grid-based drilling of gold prospects. As such, there has not been any focused testing on the basal contacts of these komatiites, a favourable position for nickel sulphide mineralisation.

The Commander Copper Prospect is an enigmatic occurrence of copper mineralisation that does not appear to be hosted by komatiite and has no corresponding nickel anomalism. It is located in magnetically subdued rocks permissive of either alteration and/ or a more felsic rock unit.

Given the geological setting, exploration targets and numerous old workings, the East Laverton Property is considered to be prospective for gold, copper and nickel mineralisation and to be worthy of further exploration. There is a significant amount of previous exploration and much of that work was not exhaustive. The project is considered to be an advanced exploration project with immediate drill targets available.

EXPLORATION PROGRAMME

GOLD

Gold exploration activity will be focused in the following areas of activity:

- More advanced gold prospects will be further tested with reverse circulation (RC) drilling to better delineate the targets and understand the geological and structural controls (e.g. Desert King, Desert Knight and Crown).
- Less advanced prospects will undergo further air core drilling in order to better define the targets (e.g. Desert Sun, Windsor and the Regent Line).
- Large spaced, multi-element, partial leach, soil geochemical surveys will be conducted in under explored areas to validate geophysical targets, improve the knowledge of the geology and to identify additional exploration targets.
- The regional, district and prospect scale controls on gold mineralisation will be more closely considered to create integrated forward (predictive and diagnostic) exploration models, that will provide a framework for the exploration process.

NICKEL-SULPHIDES

The most effective exploration methodology for nickel-sulphide mineralisation is the systematic drill testing of the basal contact positions of the ultramafic. Such drilling should be initially prioritized to the main prospects and then include the other defined targets.

The objective of this drilling should be initially to define prospective channel positions. The recommended general drilling strategy is:

- Initial drill traverses across target ultramafic units to establish their facing (on basis of textures and MgO content).
- Systematic broad spaced drill testing of contact positions to identify channel complexes on the basis of high MgO rocks and/or evidence of nickel sulphides in the regolith or fresh rock.
- Follow up by more detailed testing of the identified basal contact.

COPPER

VMS-style deposits form comparative small zones of massive sulphide but have a distinctive geochemical signature. Further drilling around the hole that identified this mineralisation is warranted. All samples will be analyzed on a multi-element basis. Electrical prospecting (geophysics) may assist in the drill targeting.

PINE CREEK PROPERTY

LOCATION AND ACCESS

The Company's Pine Creek Property is located 130 km SE of Darwin, Northern Territory, Australia. The Pine Creek Property hosts the Blue Thunder Gold Project and the White Strike Uranium Project. The area is well serviced by a major highway that runs from Darwin – Alice Springs, it is proximal to the main Darwin-Adelaide rail link, and should be able to access the main gas-pipeline from the north coast.

FIGURE 20 - LOCATION OF PINE CREEK PROPERTY

The Pine Creek Property is covered by three Exploration Licence Applications, with a total area of approximately 1086.90 km2 of highly prospective ground in the western section of the Central Domain of the Pine Creek Region.

St George has an option to acquire 80% of application EL 27732 and owns 80% of the other two applications (EL 28016 and EL 28017) under the terms of an extended joint venture agreement.

TENEMENT ID	STATUS	DATE APPLIED	DATE GRANTED	ESTIMATED AREA	ESTIMATED ANNUAL EXP.
EL 27732	Application	21/10/2009	Pending	~ 75 km²	$30,000
EL 28016	Application	31/03/2010	Pending	~ 193.5 km²	$100,000
EL 28017	Application	31/03/2010	Pending	~ 818.4 km²	$125,000

TABLE 7 -PINE CREEK TENEMENT DETAILS

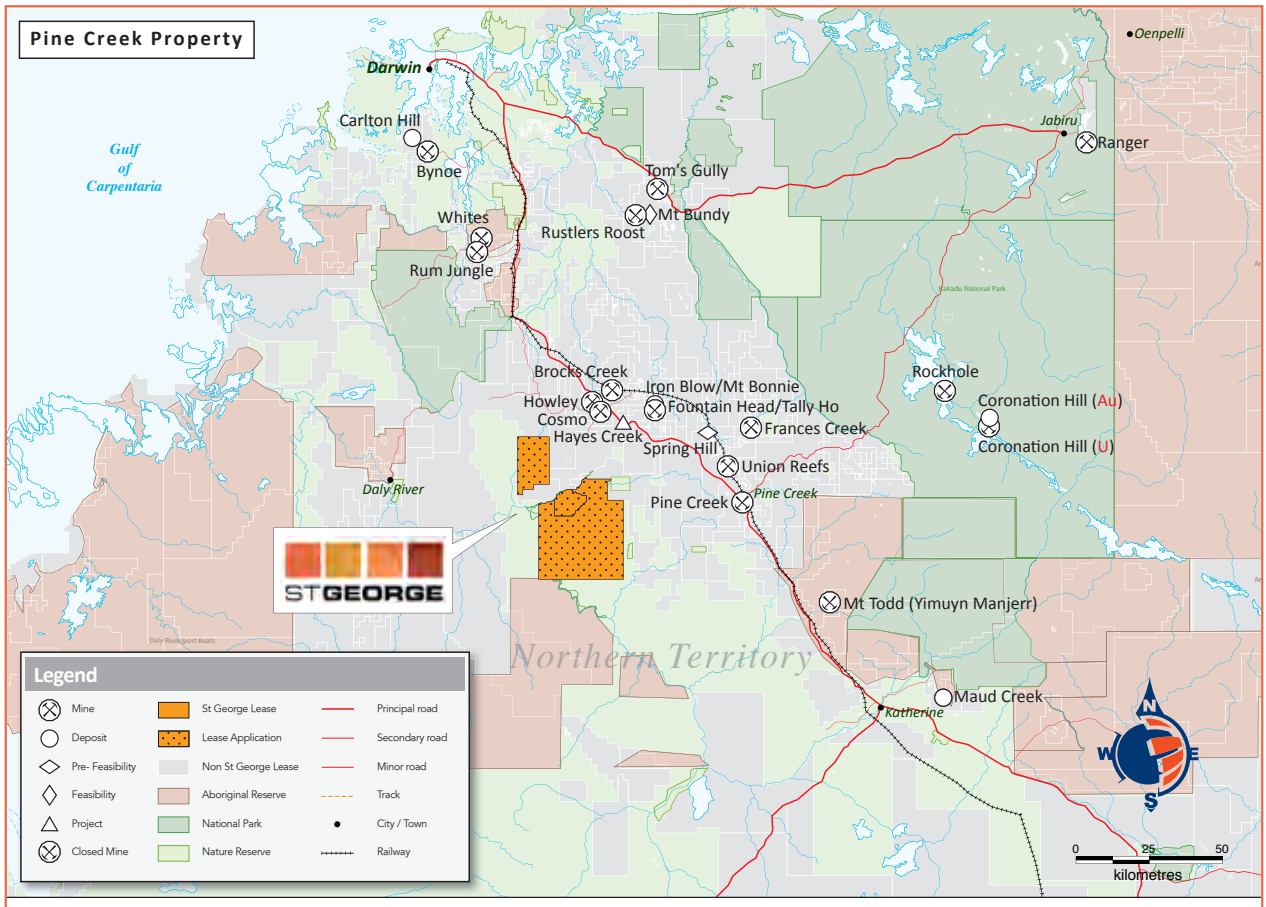


FIGURE 21 - NEW APPLICATIONS SURROUND EXISTING TENEMENT APPLICATION - EL 27732 AGAINST REGIONAL GEOLOGY BACKGROUND

REGIONAL GEOLOGY & MINERALISATION

The Pine Creek Property is located in the western section of the central domain of the Pine Creek Orogen (PCO), a major gold and uranium province in the Northern Territory with a known gold endowment of approximately 11 MozAu.[ii] At a regional scale, gold mineralisation in the PCO occurs in linear belts associated with regional structures at or near the greenschist facies brittle-ductile transition phase. Gold deposits within the sediments of the western area of the Central Domain of the PCO are concentrated within the Koolpin Formation.[iii]

The region is characterised by early Proterozoic meta-sedimentary rocks occurring in a geosynclinal setting over a gneissic and granitic Archean basement. The PCO sequence is unconformably overlain by the Middle Proterozoic McArthur Basin to the east and by the Middle Proterozoic Victoria Basin and Cambrian-Ordovician and Mesozoic sequences (Daly and Bonaparte Gulf Basins) to the west and southwest. Major sedimentation and volcanism occurred between 2000 to 1870 Ma in an intra-cratonic basin formed by crustal extension of the predominantly Achaean granitic basement. The stratigraphic sequence is dominated by mudstones, siltstones, greywackes, sandstones, tuffs, and limestones. The sediments and basic intrusions were folded and metamorphosed to amphibolite facies between 1870 to 1899 Ma and then subsequently intruded by the Cullen batholith.

The Cullen Batholith is comprised of 23 individual plutons that are mostly highly fractionated, and sometimes metal-enriched, leuco-granites. The extent of contact zone of the host rocks varies and is comprised of an albite + epidote + hornblende metamorphic facies. Hydrothermal fluids are concentrated at the roof and margins of these plutons. The presence of numerous roof pendants and the distribution of the thermal aureole around these plutons suggest a high level of emplacement.

The rocks of the South Alligator Group form a distinctive sequence of iron-rich sediments resting unconformable on older rocks. The area of the South Alligator Group includes the basal Koolpin Formation which is overlain by the Gerowie Tuff, which is conformable with the Mount Bonney Formation. The Gerowie Tuff and overlying Mount Bonney Formation are similar in composition and may act as a stratigraphic seal for mineralisation found in the ferruginous and carbonaceous rocks of the underlying and preferentially mineralised Koolpin Formation.

Although the Cullen Batholith is not magnetic, the surrounding contact aureoles are. The vast majority of PCO gold deposits, including all the larger ones, lay within these contact aureoles.

The magnetic response of these zones implies hydrothermal iron enrichment has occurred as part of the contact alteration. Epigenetic iron may play an important role in localising gold mineralisation. A similar relationship between gold and concentrations of iron exists at the Tennant Creek Goldfield (5+ MozAu), which lies to the south within the same Proterozoic terrane.

The Cosmo Howley deposit (2+ MozAu) is one of these gold deposits that are situated in the inner contact aureole of the Cullen Batholith. Cosmo Howley and most of the known gold deposits in this district are hosted by the Koolpin Formation, situated on the sheared eastern limb of a regional anticline (Pine Creek Shear). The Pine Creek Property is situated on the sheared western limb of this interpreted regional anticline (Fenton Shear) and hosted by the folded continuation of the prospective Koolpin Formation. The core of this anticline may have been intruded by a major pluton.

The deposit style and the host-rock sequence at Cosmo Howley are strikingly similar to those of the giant Homestake gold deposit (~57 MozAu) in South Dakota.[iv] A direct genetic link is inferred on the basis of similar age, sedimentology, deformation style, sulphide species, pathfinder elements, isotopic data, and forensic signatures in the sulphides. This is an important consideration for the prospectivity of the local area (Cosmo Howley and Blue Thunder), and as both gold occurrences are hosted by the same stratigraphic unit and are also similar in their setting and their stratabound style of mineralisation it is suggested that they formed from the same large gold system.

Large gold systems cluster within well-defined periods of lithospheric growth including the Paleo-Proterozoic.[v] Recent geochronology offers new constraints on evolution of the Pine Creek Orogen,[vi] allowing inter-regional comparisons and correlations to be made with the Tanami and Tennant Creek Regions. Previously, age dating of Paleo Proterozoic gold mineralisation in the Northern Territory appears to have based on inferred genetic links between the ages of spatially related granites and the gold mineralisation (e.g. Tennant Creek).[vii] Contrasting views has also argued that the gold mineralisation in the Pine Creek area is much younger than previously thought [viii]. While dating is still imprecise and incomplete, the NT gold deposits appear to be clustering around an age range of 1760 - 1700 Ma.

This is suggestive of a major global-scale late Paleo-Proterozoic gold event, post regional metamorphism and magmatism, during shift from brittle-ductile to brittle deformation, and provides an approximate correlation between gold deposits of the Northern Territory and the mineralising event responsible and capable of forming the giant Homestake gold deposit.

The Pine Creek lode gold deposits are spatially related to regional anticlines that were formed early, above thrust-ramp and thrust duplex structures. Suitable trap sites within these structures appear to have been present as illustrated by the strata-bound nature of some of the gold deposits beneath thick dolerite sills or greywacke units on the crests of anticlines. The thrusts appear to have acted as channel ways for hydrothermal fluids from deep larger structures into anticlines and subsequent trap sites.

Two major phases of deformation that pre-date granitoid intrusions have been recognised in the Pine Creek Geosyncline. The earliest widely recognised structures in the Pine Creek Geosyncline are bedding-concordant fabrics and breccia zones (D1). The second phase of deformation produced the north to north-west trending folds that still dominate the district (D2).

The folds vary from open and upright to overturned and isoclinal with the development of a penetrative slaty cleavage. Gold occurs in all rock types except granite. The higher-grade deposits have an association with carbonaceous or iron and sulphur rich sedimentary horizons, such as the Koolpin Formation. More competent lithologies in turbidite-style sequences form vein-stockwork deposits (e.g. Enterprise and Mount Todd), whereas those with both contrasting competency and geochemistry form strata-bound vein and replacement deposits (e.g. Cosmo Howley).

PREVIOUS EXPLORATION

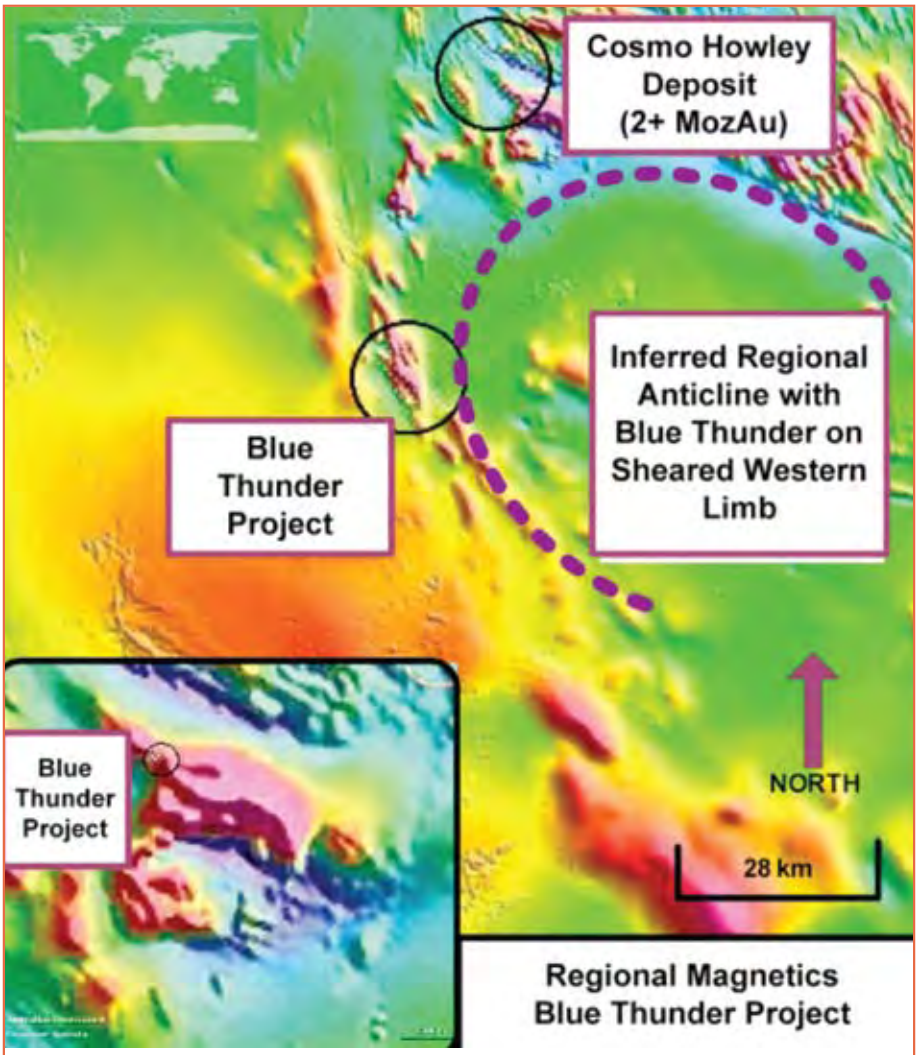


FIGURE 22 - REGIONAL STRATIGRAPHIC RELATIONSHIP BETWEEN THE COSMO HOWLEY DEPOSIT AGAINST A MAGNETICS BACKGROUND.

REGIONAL EXPLORATION

The Pine Creek Orogen has been explored for gold for over a century, following the discovery of gold from a hole dug for the construction of the overland telegraph line in the 1870's. A substantial quantity of gold was then produced from 1884 – 1915, with peak production around 1891 – 1895.

Modern gold exploration did not commence until 1980, when increased gold prices and improved mining and metallurgical technology drove renewed exploration. Systematic geological mapping, geochemical surveys and drilling, mostly were conducted around previously known occurrences. A number of previously known occurrences such as Enterprise, Cosmo Howley, Golden Dyke, were re-evaluated and subsequently mined. Several new gold deposits were also discovered. The depressed gold price during the 1990s curtailed exploration from the late 1990's until a recovery in 2005 stimulated further exploration and mining.

The Pine Creek shear hosts most of the known deposits including the Cosmo Howley gold deposit (2+ MozAu). The Pine Creek Property is located approximately 50 km to the south west from the Cosmo Howley Mine but connected by the same target horizon (Koolpin Formation).

The project is hosted by the regional Fenton shear zone, which is covered by some younger sedimentary unit, notably the Gerowie Tuff, the Mount Bonney Formation and Cambrian limestone units.

This region remains substantially under explored with the majority of past exploration efforts being focused on uranium. The Fenton shear was not seriously explored until the regional Homestake programme in the 1990's.

EXPLORATION AT PINE CREEK PROPERTY

Initial limited exploration in the area involved an aero-magnetic survey, some geochemical surveys and a photo-geological survey. Exploration at this time appeared to rule out any major surface or subsurface gold mineralisation because of the younger overlying sedimentary horizons.

Homestake Gold of Australia (HGAL) was subsequently granted tenure over the ground and approached the area with the new strategy of exploring for concealed ("under cover") gold deposits. HGAL had noted the similarities between the stratigraphy and mineralisation of the South Alligator Group, especially similarities between the Koolpin and Homestake Formation, which hosts the giant Homestake deposit (~57 MozAu) [IX] in Lead, South Dakota (the "Homestake deposit"). This assumption was the basis of their exploration model.

The deposit style and host rocks of Cosmo Howley and the Homestake deposit are independently noted as being similar with respect to their character and stratigraphic succession [X] .

HGAL had purchased geophysical data, magnetic and gravity data from a multi-client survey and also acquired a 1:100,000 TMI (total magnetic intensity) image. The TMI image was from the Aerodata multi-client survey and E-W line soakings of 200 m, sensor height was 70 m and image pixel size was 50 m. In 1995, HGAL conducted a gravity survey along 2 E-W lines with lengths of 14 and 16 km. Readings were taken at 100 m spacing's in milli-gals. These lines were combined with regional Northern Territory Geological Survey (NTGS) and AGSO (Australian Geoscience Survey Organisation) data.

All available geophysical images, satellite TM imagery, topographical and geology maps, and air photos were synthesised at the 1: 500,000 scale map of the south western section of the Pine Creek Orogen. The compilation provided the basis for the subsequent regional diamond drilling programme.

The two key drill holes from this drilling programme were FEND 14 and FEND 18.

FEND 14 intersected a 150 metre thick zone of high magnetic susceptibility that corresponded with a pyrrhotite-rich, chlorite + chert iron formation under a hanging wall unit similar to the Gerowie-Tuff-like. The hole was critical in that intersected 17 metres @ 0.74 ppmAu (from 610 - 627m and with no cut-off) in a low arsenopyrite bearing part of the ironstone. The modest grade was coincidental with the comparatively low level of arsenic but confirmed the presence of a broad and auriferous iron-formation, and confirmed the presence of Homestake-style gold mineralisation.[XI]

FEND 14 was significant in that it confirmed HGAL's conceptual target by identifying the presence of the predicted gold system.

FEND 18 was drilled 1200 m SSE of FEND 14 and intersected 20 m @ 1.74 ppmAu within a broad zone of continuous stratabound mineralisation (no cut-off) from 423 to 443 m. The FEND 18 intersection was approximately 200 m above the intersection made in FEND 14.

FEND 18 was significant in that it was the "discovery hole" of the current Thunderbolt prospect, confirming not only the consistency of broad zones of gold mineralisation initially identified in FEND 14, but also confirming the strength of the system as demonstrated by the high-grade gold intersections.

From an exploration perspective, an important milestone was reached with the drilling of the discovery hole (FEND 18) and follow-up exploration would ordinarily follow as a matter of course. However, due to a corporate restructuring at Homestake, the property was relinquished and further exploration has not yet been conducted.

Homestake had spent at least $ 1.382 M on exploration at the property, based on available annual expenditures reports from the Northern Territory Mines Department.

The exploration concept that the Fenton Shear was a mineralised zone capable of hosting Homestake (Lead-Dakota) style of mineralisation was clearly proven by HGAL's previous diamond drilling activity. Further follow-up drilling and supplementary exploration work is required.

The significant exploration work carried out at the Pine Creek Property, notably the diamond drilling programme and the discovery drill-hole, materially reduces the investment and exploration risk for St George planned activity.

BLUE THUNDER GOLD PROJECT

The Blue Thunder Project covers 7-8km of strike of the prospective Koolpin Formation along the Fenton Shear, which is a significant regional structure, located to the west of and is sub parallel to the well endowed Pine Creek Shear.

The gross geophysical signature of the Thunderbolt gold prospect is a distinctive 3 km long magnetic high within a 12 x 4 km magnetic complex. Gravity surveys also show that this magnetic complex, lies above a gravity low with dimensions of 12 x 5km and a magnitude of approximately 20 milligal. The gravity is likely to reflect an underlying pluton and indicates the Thunderbolt prospect is situated in the roof of a pluton, an optimal point for focusing hydrothermal activity.

The double or triple fold signature, indicated by detailed magnetics within the general area is a favourable indicator of the prospectivity. The variety of mineralisation, the amount of tourmaline minerals, and the strength of pyrrhotite + arsenopyrite association found with gold mineralisation, all increase within the Blue Thunder Project area. The occurrence of tourmaline suggests the presence of high-temperature hydrothermal fluids and perhaps the focal point of a larger regional hydrothermal system.

The prospective cherty, chloritic ironstone host unit at Thunderbolt is well defined by high magnetic responses and was confirmed by magnetic susceptibility measures of the gold-rich intersection in the drill core. This magnetic response was coincident with a strong gold-cobalt (Au-Co) partial-leach geochemical soil anomaly generated over the black soil plains.

As target mineralisation and the host horizon have strong geophysical and geochemical signatures that can be subject to modern processing and modeling technology and integrated into the future exploration plan and presented utilising the latest 3-D GIS systems.

Regional magnetics show a distinct northerly deflection of the trend in the Blue Thunder Project area likely representing a dextral shear reversal of the regional Fenton shear zone associated with the onset of late brittle deformation and the occurrence of tensional structures that channel and trap gold-rich hydrothermal fluids.

The discovery of the Thunderbolt prospect was the result of drilling FEND 18 as a step-out hole from a lower grade intersection of 17 metres @0.74 gptAu from 610 - 627m (no cut-off) in drill-hole FEND 14. The drill intersection made in FEND 14 is shown in the table over page.

HOLE ID	NORTHING	EASTING	DIP (degrees)	AZM (degrees)	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	GRADE (ppmAu)
FEND 14	8472737	746928	-68	264	650	610	627	17	0.74

TABLE 8 - DRILL INTERSECTIONS FEND 14 WITH NO CUT-OFF

High grade intersections were present in FEND 18 within the broad intersection of 20 m @ 1.74 gptAu between 423 to 443 m (no cut-off), and these are presented in the table below:

HOLE ID	NORTHING	EASTING	DIP (degrees)	AZM (degrees)	DEPTH (m)	FROM (m)	TO (m)	WIDTH (m)	GRADE (ppmAu)
FEND 18	8471548	747190	-68	264	649	423	425	2	2.24
						431	433	2	4.89
					inc.	431	432	1	8.68
						438	444	5	3.48
					inc.	441	442	1	8.32
						463	464	1	1.81

TABLE 9 - DRILL INTERSECTIONS FEND 18 AT A 1 PPMAU CUT-OFF

These broad and occasionally high grade intersections within the target Koolpin Formation are highly encouraging and provided direct evidence that the previously unexplored Fenton Shear contains significant gold mineralisation, similar in style to the giant Homestake Deposit (57 MozAu).
FEND 18 intersected 20 m @ 1.74 ppmAu of mineralisation (no cut-off) from 423 to 443 m some 1200 m SSE and approximately 200 m above the relative level of the 17 m @ 0.74 ppmAu intersection made in FEND 14.
The older Proterozoic rocks are unconformably overlain by a younger Cambrian sequence at an estimated depth of around 100 m in the prospect area. The highly folded host formation suggests the potential for considerable vertical extent of mineralisation above and below the known gold intersections.

The magnetic model that predicted the gold intersections in FEND 14 and FEND 18 was based on the presence of magnetic pyrrhotite would not have identified up-dip zones of oxidised gold mineralisation, where magnetic pyrrhotite to be altered non-magnetic pyrite. (Deep weathering is a common feature in Northern Territory gold deposits). This provides additional support for the potential for up dip extensions to the known mineralised zone, below the unconformity.

In addition, subsequent weathering and younger hydrothermal activity associated with unconformity related uranium mineralisation in the upper zones of the Koolpin Formation creates potential beneath the unconformity for supergene (secondary) concentrations of gold, uranium and other minerals.
While it is difficult at this time to quantify the magnitude of the mineralised zone, the relationship between FEND 14 and FEND 18 (as above) confirms the potential for lateral and vertical extensions to the currently known mineralisation, validating the significant exploration potential of the prospect area.

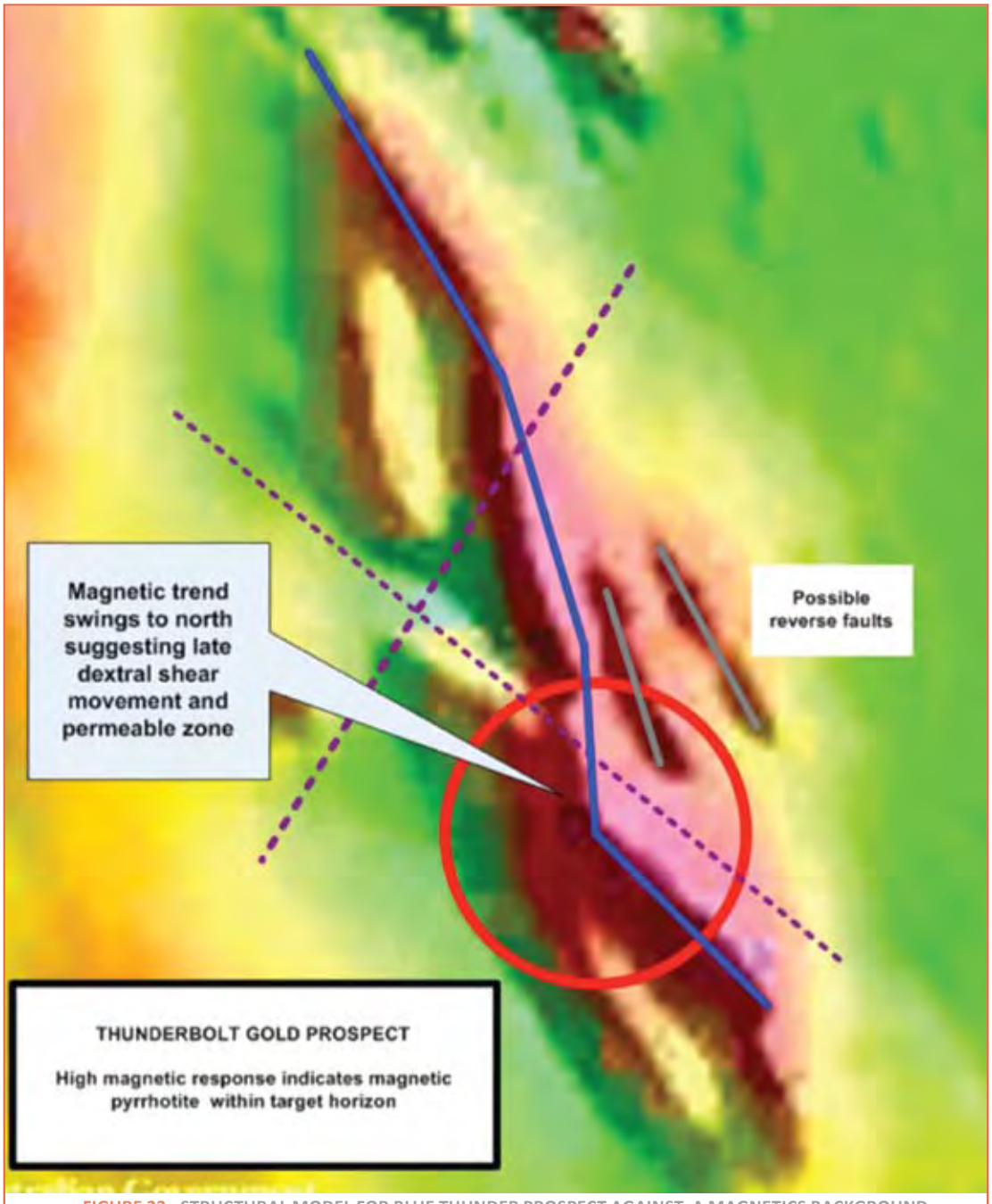


FIGURE 23 - STRUCTURAL MODEL FOR BLUE THUNDER PROSPECT AGAINST A MAGNETICS BACKGROUND

WHITE STRIKE URANIUM PROJECT

URANIUM MINERALISATION IN THE REGION

Unconformity-related uranium deposits (URUD) are the primary exploration model as this style of uranium mineralisation occurs throughout the PCO.

The PCO is a large and well known uranium province comprised of the three major fields. The White Strike Prospect, is located in the western Rum Jungle field which has produced 8,600 t of U3O8, from both copper-rich and copper poor varieties, since the 1950s. [xii] The Rum Jungle uranium mine was among the earliest mines in Australia and produced 3,530 t of U3O8 from 1950 to 1971; it is among the largest known deposits in the area.

The Cullen Batholith is highly fractionated felsic granite with a highly elevated concentration of uranium and other radiometric elements. In addition, these granites are in an advanced state of fracturing and weathering and may have been part of the regional source of uranium during hydrothermal activity; most mineralisation occurs within the broad contact aureoles of these granites.

Deposits occur in favourable horizons related to fracture, fault and breccia zones within sedimentary rocks, close to unconformable contacts with overlying "capping" units.

Regional scale factors control unconformity related uranium deposits in the PCO. There are strong lithological, stratigraphic and structural controls on their distribution. The richest deposits are situated on the margins of gravity highs, which may represent deeper crustal structures. A similar model has been applied for similar deposits in the large Athabasca Basin in Canada, [xiii] and which has over 500,000+ t of U3O8. [xiv]

A characteristic feature of these deposits is the surrounding intensive hydrothermal alteration of the host rocks. Favourable host rocks are pelitic and carbonate meta-sedimentary rocks of variable metamorphic. Sedimentary horizons with these compositions and stratigraphic positions will be preferentially mineralised and are important exploration targets.

Primary uranium minerals include pitchblende, uraninite and brannerite, and also as secondary phases in the weathered zone. Uranium mineralisation can extend for at least 500 m below the unconformity surface.

A characteristic feature of these deposits is the surrounding intensive hydrothermal alteration of the host rocks, mainly chloritisation, but also sericitisation, argillitisation and carbonate alteration. Favourable host rocks are pelitic and carbonate meta-sedimentary rocks of variable metamorphic grade (e.g. Koolpin Formation) and sedimentary horizons with these compositions and stratigraphic positions will be preferentially mineralised and are important exploration targets.

The Koolpin Formation is present on the Pine Creek Property and is the favoured target for unconformity-related uranium mineralisation. It is highly carbonaceous and is overlain by the Gerowie Tuff, a massive cherty tuff and greywacke unit that would act as a "stratigraphic cap" for any hydrothermal system. The Koolpin Formation sits at the base of the South Alligator Group that sits unconformably on the underlying Mt Partridge Group.

In the western section of the Pine Creek Orogen, the Northern Territory Geological Survey has assigned the Koolpin Formation a level 3 (of 4) prospectivity rating. An age of around 800 Ma is assigned to the formation of the uranium mineralisation [xv] .

In unconformity related uranium deposits uranium is scavenged and transported as oxidised digenetic fluids of an oxidised (high f02) and then trapped and deposited along strong REDOX (oxidation-reduction) gradients, such as carbon-rich and carbonaceous sediments, in large low pressure zones formed by complex structural and low pressure (open space) settings.

In a gross sense, the transport and depositional processes for uranium are similar to those of gold, where oxidised hydrothermal solutions are precipitated along REDOX fronts (steep oxidation-reduction gradients) in similar but hotter conditions. Although uranium mineralisation post-dates gold mineralisation, it seems to exhibit similar controls and may be found in close association with gold mineralization in some settings. This explains the proximity of the Thunderbolt gold prospect and the White Strike Uranium prospect.

WHITE STRIKE URANIUM PROSPECT

The White Strike prospect is a subtle uranium radiometric anomaly that may represent leakage from concealed unconformity-related uranium mineralisation. The prospect sits in proximity to the Thunderbolt gold prospect which has been shown by Homestake Gold of Australia to be hosted by the Koolpin Formation. The pyritic and carbonaceous Koolpin Formation is the local target for both gold and uranium mineralisation at the Pine Creek Property.

Radiometrics are a useful tool to detect surficial uranium deposits (e.g. calcrete hosted uranium deposits) but only reflect uranium concentrations within a few metres below the surface. While the White Strike radiometric anomaly is subtle, its signature is consistent with geochemical leakage up along the major shear from underlying structurally controlled uranium mineralisation. As the previous explorer of this property was focused on gold exploration, the potential of this uranium prospect remains to be tested.

The integrity of the anomaly and this prospect are supported by its location in an area of structural complexity within a regional shear zone and on the SW margin of a major gravity feature. Along with the prospective stratigraphic unit, this area appears to have optimal physical and chemical conditions for localising this style of uranium mineralisation.

The proximity of the gold and uranium prospects and the similarities in local control features allows sampling for uranium to be integrated into the planned gold exploration programme, in a low cost manner.

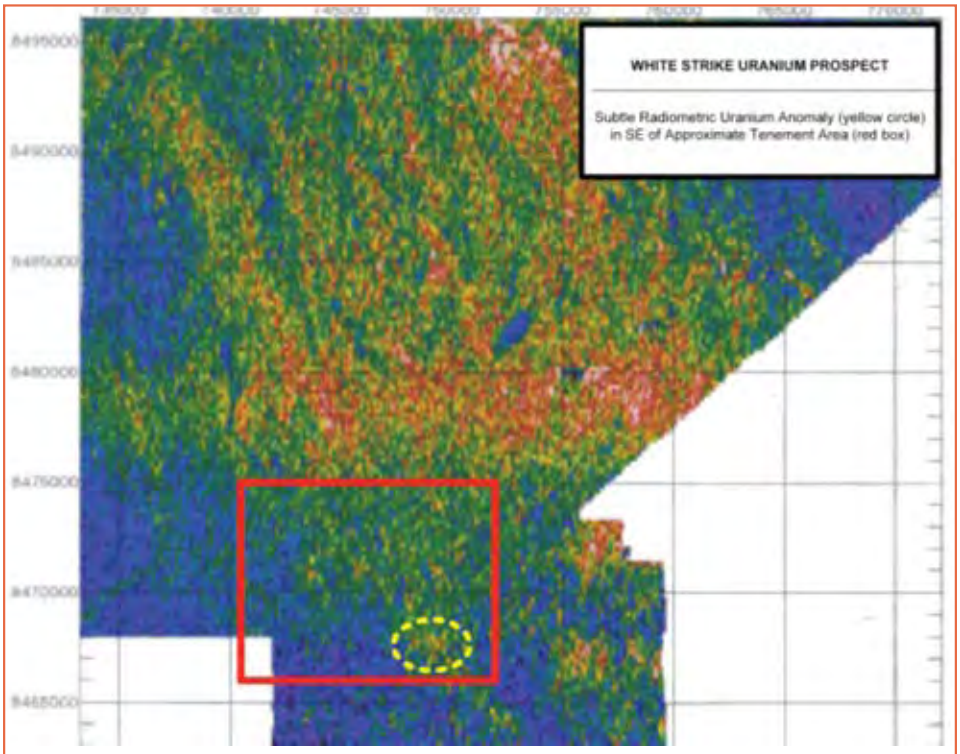


FIGURE 24 - THE WHITE STRIKE URANIUM PROSPECT PRESENTS ON SURFACE AS A SUBTLE URANIUM RADIOMETRIC ANOMALY IN THE SE CORNER OF THE PROJECT AREA.

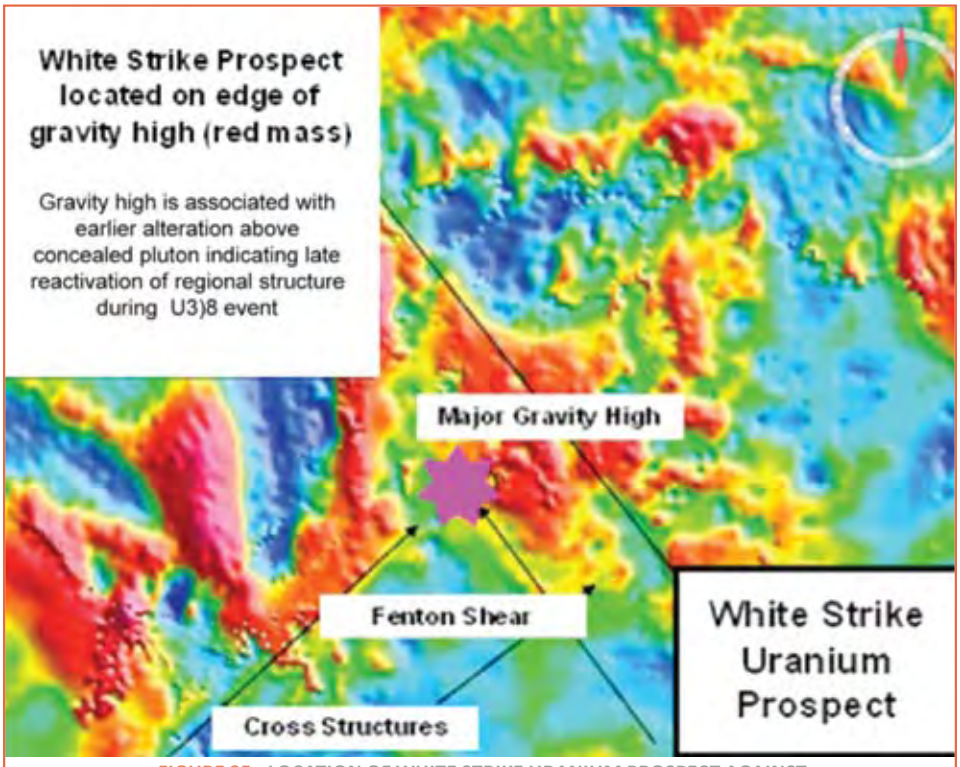


FIGURE 25 - LOCATION OF WHITE STRIKE URANIUM PROSPECT AGAINST REGIONAL GRAVITY BACKGROUND U3O8

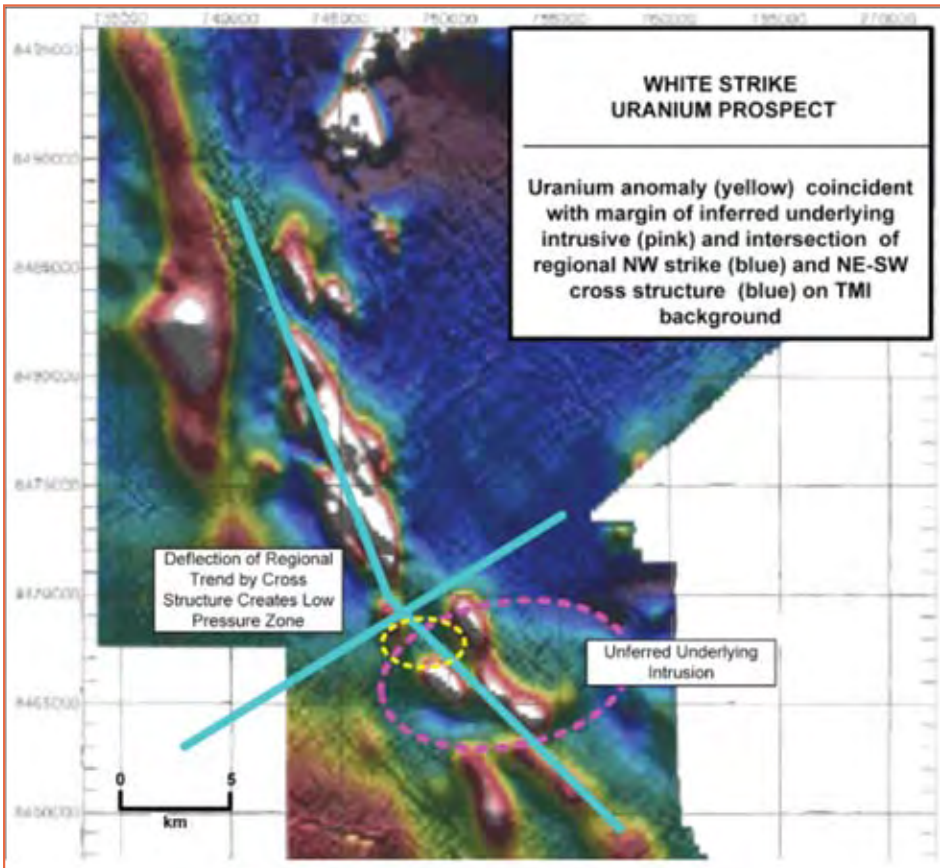


FIGURE 26 - STRUCTURAL MODEL FOR WHITE STRIKE PROSPECT - SUBTLE URANIUM ANOMALY COINCIDENT WITH INFERRED INTRUSIVE MARGIN AND MAJOR DISRUPTION OF REGIONAL STRUCTURAL TREND. RED MARKS APPROXIMATE TENEMENT AREA

NEW TENEMENT APPLICATIONS

St George has secured two additional Exploration Licence applications in the Pine Creek Orogen being EL 28016 and EL 28017. The area covered by these applications is 193.5 sq km and 818.4 sq km, respectively. This substantially expands the Company's land position within this tightly held mineralfield. The new applications are immediately adjacent to St George's core holding at EL 27732.

The additional ground has been acquired following ongoing reviews of exploration data, an analysis of the wider mineral potential, and recent and ongoing exploration success in the local area. The ground is considered as prospective for gold and uranium.

GOLD POTENTIAL

A linear relationship between density and alteration is demonstrated by field testing,[xvi] where altered areas have a greater density than their surrounding host-rocks and therefore present as gravity highs. Within these altered areas, the actual deposit area presents as a comparatively lower gravity response because of the introduction of a dominant quartz (silica) + carbonate mineral assemblage, associated with gold mineralisation.

At the Blue Thunder Prospect, the large gravity high to east appears to be the altered roof pendant of the concealed pluton, which is likely part of the Cullen Intrusive Suite, and intrudes the core of the regional anticline. The Fenton Shear and Blue Thunder are situated on the under-explored western limb of the anticline. The regional Fenton Shear zone parallels the western margin of the gravity high.

The known gold mineralisation at the project is intersected in drill-hole FEND 14 and 18. The known mineralised area (EL 27732) lies a within a distinct, moderate gravity gradient and the marginal shear zone, thought to represent the central part of the larger gold system. The gravity gradient is coincident with an underlying intrusive (post Cullen Suite) previously noted in the magnetic survey, and boundaries appears to be associated with late (NE-SW) cross-cutting structures. This gravity gradient extends to the south and north of the known gold occurrence.

The new Exploration Licence applications cover a significant strike extent of the area where the Fenton shear crosses the gravity gradient, securing a defined area of higher mineral prospectivity.

Regional exploration will involve establishing a more detailed profile of the geological, geochemical and geophysical characteristics of the known mineralisation. Supplementary geophysical and geochemical data will be acquired, as needed. New prospects will be defined on this basis and selectively drill tested.

The addition of the new tenement areas will allow more effective modelling of the integrated data and increase exposure to new discoveries.

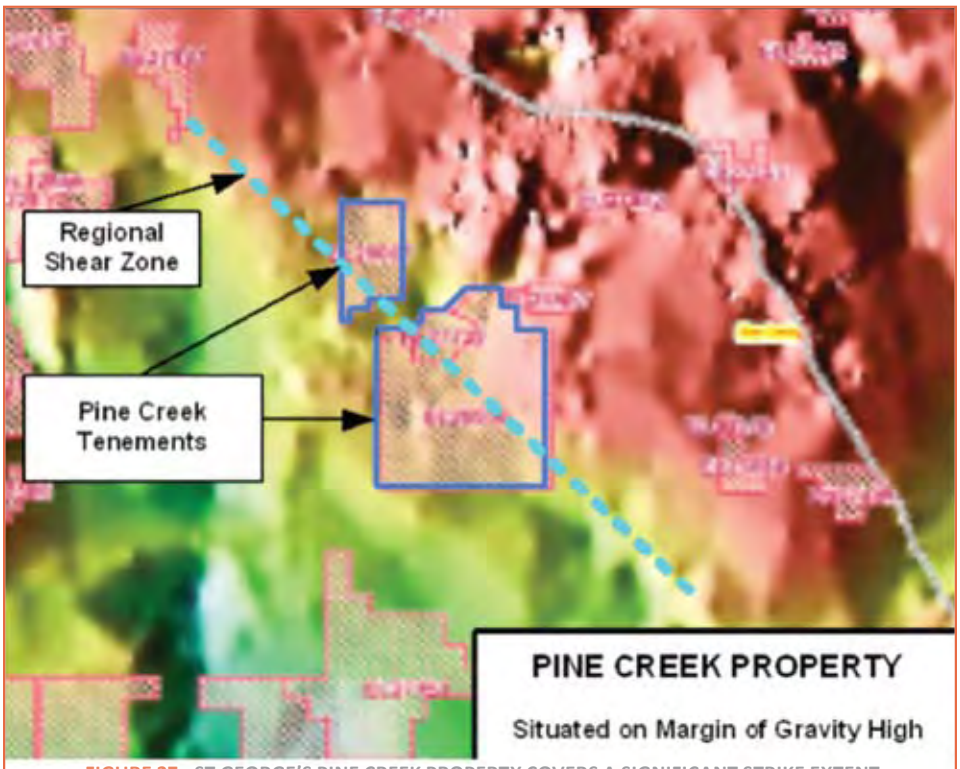


FIGURE 27 - ST GEORGE'S PINE CREEK PROPERTY COVERS A SIGNIFICANT STRIKE EXTENT OF WHERE THE FENTON SHEAR CROSSED THE MARGINAL GRAVITY GRADIENT

URANIUM POTENTIAL

Material uranium discoveries have been made 28 km to the NNE of the northern boundary of EL 27732, by Thundelarra Exploration (ASX: THX) at its Thunderball project. (St George has no ownership in this project). Mineralisation at Thunderball is located along a northerly trending anticlinal axis and consists of veins and disseminations of uraninite (pitchblende) hosted within a folded brittle ductile shear that appears to plunge approximately 40 degrees to the north (likely controlled by the plunge of the regional anticline).

In September 2009 Thundelerra Exploration announced a spectacular uranium intersection of 1 m @ 20.3 % U3O8 from hole TPCRC-019.

Uranium mineralisation within the Rum Jungle area is hosted by carbonaceous pelitic sedimentary units such as the Koolpin Formation (South Alligator Group) of the underlying Whites Formation (Mount Partridge Group).

Uranium mineralisation within the Pine Creek Orogen can be associated with major base metal mineralisation (Cu + Pb+ Zn and minor Co + Ni). The Browns deposit (of which St George has no ownership) is the largest deposit of this type found in the Pine Creek Orogen to-date.

The expanded tenement applications at Pine Creek significantly increase St George's coverage of the prospective sedimentary formations for uranium and uranium-base metal mineralisation.

The discoveries at the nearby Thunderball Prospect owned by Thundelerra Exploration clearly demonstrate the uranium endowment within the local area, and independently validates the potential of St George's White Strike Uranium Project.

EXPLORATION BUDGETS

Funds raised from the Initial Public Offering of St George will be employed to advance the exploration of the gold, nickel, copper and uranium prospects owned by St George Mining. The planned expenditure summaries are presented in the table below.

$4 M IPO BUDGET					
YEAR ONE			YEAR TWO		
Geophysics	3%	$21,000	Geophysics	2%	$26,000
Geochemistry	13%	$91,000	Geochemistry	2%	$26,000
Drilling	38%	$266,000	Drilling	40%	$520,000
Assays	15%	$105,000	Assays	25%	$325,000
Knowledge management	5%	$35,000	Knowledge management	3%	$39,000
Transport & Logistics	6%	$42,000	Transport & Logistics	8%	$104,000
Labour & Administration	20%	$140,000	Labour & Administration	20%	$260,000
	100%	$700,000		100%	$1,300,000

TABLE 10 - TWO YEAR BUDGET IF $4 M IS RAISED BY LISTING OF ST GEORGE MINING

The budget will be spent on the granted tenements. The exploration budget will be subject to modification on an ongoing basis depending on the results obtained from exploration and development activities as they progress and the granting of tenements now in application.

It is considered that the Company has a reasonable proposed exploration budget over two years consistent with its stated objectives and that this program is warranted and justified on the basis of the historical exploration activity and demonstrated potential for discovery of target mineralisation.

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GLOSSARY OF TECHNICAL TERMS

TERM	DEFINITION
Aeolian	Formed or deposited by wind.
aerial photography	Photographs of the earth's surface taken from an aircraft.
Aeromagnetic	A survey undertaken by helicopter or fixed-wing aircraft for the purpose of recording magnetic characteristics of rocks by measuring deviations of the earth's magnetic field.
airborne geophysical data	Data pertaining to the physical properties of the earth's crust at or near surface and collected from an aircraft.
Aircore	Drilling method employing a drill bit that yields sample material which is delivered to the surface inside the rod string by compressed air.
Alluvial	Pertaining to silt, sand and gravel material, transported and deposited by a river.
Alluvium	Clay silt, sand, gravel, or other rock materials transported by flowing water and deposited in comparatively recent geologic time as sorted or semi-sorted sediments in riverbeds, estuaries, and flood plains, on lakes, shores and in fans at the base of mountain slopes and estuaries.
Alteration	The change in the mineral composition of a rock, commonly due to hydrothermal activity.
amphibolite facies	An assemblage of minerals formed at moderate to high temperatures (450□C to 700□C) during regional metamorphism.
Andesite	An intermediate volcanic rock composed of andesine and one or more mafic minerals.
anomalies	An area where exploration has revealed results that are higher than the local background level
anticline	A fold in the rocks in which strata dip in opposite directions away from the central axis.
antiformal	An anticline-like structure.
Archean	The oldest rocks of the Precambrian era, older than about 2,500 million years.
assayed	The testing and quantification metals of interest within a sample.
Au	Chemical symbol for gold.
auger sampling	A drill sampling method using an auger to penetrate upper horizons and obtain a sample from lower in the hole.
axial plane	The plane that intersects the crest or trough of a fold, about which the limbs are more or less symmetrically arranged.
basalts	A volcanic rock of low silica (<55%) and high iron and magnesium composition, composed primarily of plagioclase and pyroxene.
polymetallics	A non-precious metal deposit containing numerous types of (usually base metal) mineralisation
bedrock	Any solid rock underlying unconsolidated material.
BIF	A rock consisting essentially of iron oxides and cherty silica, and possessing a marked banded appearance.
BLEG sampling	Bulk leach extractable gold analysis; an analytical method for accurately determining low levels of gold.
brittle	Rock deformation characterised by brittle fracturing and brecciation.
Cainozoic	An era of geological time spanning the period from 65 million years ago to the present.
carbonate	Rock of sedimentary or hydrothermal origin, composed primarily of calcium, magnesium or iron and CO3. Essential component of limestones and marbles.
chert	Fine grained sedimentary rock composed of cryptocrystalline silica.
chlorite	A green coloured hydrated aluminum-iron-magnesium silicate mineral (mica) common in metamorphic rocks.
clastic	Pertaining to a rock made up of fragments or pebbles (clasts).
clays	A fine-grained, natural, earthy material composed primarily of hydrous aluminum silicates.
colluvium	A loose, heterogeneous and incoherent mass of soil material deposited by slope processes.
conduits	The main pathways that facilitate the movement of hydrothermal fluids.
conglomerate	A rock type composed predominantly of rounded pebbles, cobbles or boulders deposited by the action of water.
copper	A reddish metallic element, used as an electrical conductor and the basic component of brass and bronze.
dacite	An extrusive rock composed mainly of plagioclase, quartz and pyroxene or hornblende or both.
depletion	The lack of gold in the near-surface environment due to leaching processes during weathering.
diamond drill hole	Mineral exploration hole completed using a diamond set or diamond impregnated bit for retrieving a cylindrical core of rock.

ST GEORGE MINING LIMITED

GLOSSARY OF TECHNICAL TERMS

TERM	DEFINITION
dilational	Open space within a rock mass commonly produced in response to folding or faulting.
dolerite	A medium grained mafic intrusive rock composed mostly of pyroxenes and sodium-calcium feldspar.
DoIR	Department of Industry and Resources, WA.
ductile	Deformation of rocks or rock structures involving stretching or bending in a plastic manner without breaking.
dykes	A tabular body of intrusive igneous rock, crosscutting the host strata at a high angle.
en-echelon	Repeating parallel, but offset, occurrences of lenticular bodies such as ore veins.
erosional	The group of physical and chemical processes by which earth or rock material is loosened or dissolved and removed from any part of the earth's surface.
fault zone	A wide zone of structural dislocation and faulting.
feldspar	A group of rock forming minerals.
felsic	An adjective indicating that a rock contains abundant feldspar and silica.
folding	A term applied to the bending of strata or a planar feature about an axis.
foliated	Banded rocks, usually due to crystal differentiation as a result of metamorphic processes.
follow-up	A term used to describe more detailed exploration work over targets generated by regional exploration.
g/t	Grams per tonne, a standard volumetric unit for demonstrating the concentration of precious metals in a rock.
gabbro	A fine to coarse grained, dark coloured, igneous rock composed mainly of calcic plagioclase, clinopyroxene and sometimes olivine.
geochemical	Pertains to the concentration of an element.
geophysical	Pertains to the physical properties of a rock mass.
GIS database	A system devised to present partial data in a series of compatible and interactive layers.
gneissic	Coarse grained metamorphic rocks characterised by mineral banding of the light and dark coloured constituent minerals.
granite	A coarse-grained igneous rock containing mainly quartz and feldspar minerals and subordinate micas.
granoblastic	A term describing the texture of a metamorphic rock in which the crystals are of equal size.
granodiorite	A coarse grained igneous rock composed of quartz, feldspar and hornblende and/or biotite.
greenschist	A metamorphosed basic igneous rock which owes its colour and schistosity to abundant chlorite.
greenstone belt	A broad term used to describe an elongate belt of rocks that have undergone regional metamorphism to greenschist facies.
greywackes	A sandstone like rock, with grains derived from a dominantly volcanic origin.
GSWA	Geological Survey of Western Australia.
gypsum	Mineral of hydrated, or water-containing, calcium sulphate.
halite	Impure salt deposit formed by evaporation.
hangingwall	The mass of rock above a fault, vein or zone of mineralization.
hematite	Iron oxide mineral, Fe2O3.
hinge zone	A zone along a fold where the curvature is at a maximum.
hydrothermal fluids	Pertaining to hot aqueous solutions, usually of magmatic origin, which may transport metals and minerals in solution.

GLOSSARY OF TECHNICAL TERMS

TERM	DEFINITION
igneous	Rocks that have solidified from a magma
infill	Refers to sampling or drilling undertaken between pre-existing sample points.
insitu	In the natural or original position.
interflow	Refers to the occurrence of other rock types between individual lava flows within a stratigraphic sequence.
intermediate	A rock unit which contains a mix of felsic and mafic minerals.
intrusions	A body of igneous rock which has forced itself into pre-existing rocks.
intrusive contact	The zone around the margins of an intrusive rock.
ironstone	A rock formed by cemented iron oxides.
isoclinal	A series of folds that dip in the same direction at the same angle.
joint venture	A business agreement between two or more commercial entities.
komatiitic	Magnesium-rich mafic to ultramafic extrusive rock.
laterite	A cemented residuum of weathering, generally leached in silica with a high alumina and/or iron content.
lead	A metallic element, the heaviest and softest of the common metals.
lineament	A significant linear feature of the earth's crust, usually equating a major fault or shear structure.
lithological contacts	The contacts between different rock types.
lithotypes	Rock types.
magnetite	A mineral comprising iron and oxygen which commonly exhibits magnetic properties.
metamorphic	A rock that has been altered by physical and chemical processes involving heat, pressure and derived fluids.
metasedimentary	A rock formed by metamorphism of sedimentary rocks.
monzogranite	A granular plutonic rock containing approximately equal amounts of orthoclase and plagioclase feldspar, but usually with a low quartz content.
Moz	Millions of ounces.
Mt	Million Tonnes.
mylonite	A hard compact rock with a streaky or banded structure produced by extreme granulation of the original rock mass in a fault or thrust zone.
nickel	Silvery-white metal used in alloys.
nickel laterite	Nickel ore hosted within the laterite profile, usually derived from the weathering of olivine-rich ultramafic rocks.
open pit	A mine working or excavation open to the surface.
Orthoimage	A geographically located composite plan using aerial photography as a base.
outcrops	Surface expression of underlying rocks.
palaeochannels	An ancient preserved stream or river.
pegmatite	A very coarse grained intrusive igneous rock which commonly occurs in dyke-like bodies containing lithium-boron-fluorine-rare earth bearing minerals.
pisolitic	Describes the prevalence of rounded manganese, iron or alumina-rich chemical concretions, frequently comprising the upper portions of a laterite profile.
playa lake	Broad shallow lakes that quickly fill with water and quickly evaporate, characteristic of deserts.
polymictic	Referring to coarse sedimentary rocks, typically conglomerate, containing clasts of many different rock types.
porphyries	Felsic intrusive or sub-volcanic rock with larger crystals set in a fine groundmass.
ppb	Parts per billion; a measure of low level concentration.
Proterozoic	An era of geological time spanning the period from 2,500 million years to 570 million years before present.
pyroxenite	A coarse grained igneous intrusive rock dominated by the mineral pyroxene.
quartz reefs	Old mining term used to describe large quartz veins.
quartzofeldspathic	Compositional term relating to rocks containing abundant quartz and feldspar, commonly applied to metamorphic and sedimentary rocks.
quartzose	Quartz-rich, usually relating to clastic sedimentary rocks.

ST GEORGE MINING LIMITED

GLOSSARY OF TECHNICAL TERMS

TERM	DEFINITION
RAB drilling	A relatively inexpensive and less accurate drilling technique involving the collection of sample returned by compressed air from outside the drill rods.
rafts	A relatively large block of foreign rock incorporated into an intrusive magma.
RC drilling	A drilling method in which the fragmented sample is brought to the surface inside the drill rods, thereby reducing contamination.
regolith	The layer of unconsolidated material which overlies or covers insitu basement rock.
residual	Soil and regolith which has not been transported from its point of origin.
resources	Insitu mineral occurrence from which valuable or useful minerals may be recovered.
rhyolite	Fine-grained felsic igneous rock containing high proportion of silica and felspar.
rock chip sampling	The collection of rock specimens for mineral analysis.
saline	Salty
saprock	Zone of weathered rock preserved within the weathered profile.
saprolite	Disintegrated, in-situ rock, partially decomposed by the chemical and physical processes of oxidation and weathering.
satellite imagery	The images produced by photography of the earth's surface from satellites.
schist	A crystalline metamorphic rock having a foliated or parallel structure due to the recrystallisation of the constituent minerals.
scree	The rubble composed of rocks that have formed down the slope of a hill or mountain by physical erosion.
sedimentary	A term describing a rock formed from sediment.
sericite	A white or pale apple green potassium mica, very common as an alteration product in metamorphic and hydrothermally altered rocks.
shale	A fine grained, laminated sedimentary rock formed from clay, mud and silt.
sheared	A zone in which rocks have been deformed primarily in a ductile manner in response to applied stress.
sheet wash	Referring to sediment, usually sand size, deposited over broad areas characterised by sheet flood during storm or rain events. Superficial deposit formed by low temperature chemical processes associated with ground waters, and composed of fine grained, water-bearing minerals of silica.
silcrete	Superficial deposit formed by low temperature chemical processes associated with ground waters, and composed of fine grained, water-bearing minerals of silica.
silica	Dioxide of silicon, SiO2, usually found as the various forms of quartz.
sills	Sheets of igneous rock which is flat lying or has intruded parallel to stratigraphy.
silts	Fine-grained sediments, with a grain size between those of sand and clay.
soil sampling	The collection of soil specimens for mineral analysis.
stocks	A small intrusive mass of igneous rock, usually possessing a circular or elliptical shape in plan view.
strata	Sedimentary rock layers.
stratigraphic	Composition, sequence and correlation of stratified rocks.
stream sediment sampling	The collection of samples of stream sediment with the intention of analysing them for trace elements.
strike	Horizontal direction or trend of a geological structure.
subcrop	Poorly exposed bedrock.
sulphide	A general term to cover minerals containing sulphur and commonly associated with mineralization.
supergene	Process of mineral enrichment produced by the chemical remobilisation of metals in an oxidised or transitional environment.
syenite	An intrusive igneous rock composed essentially of alkali feldspar and little or no quartz and ferromagnesian minerals.
syncline	A fold in rocks in which the strata dip inward from both sides towards the axis.
talc	A hydrous magnesium silicate, usually formed due to weathering of magnesium silicate rocks.
tectonic	Pertaining to the forces involved in or the resulting structures of movement in the earth's crust.

GLOSSARY OF TECHNICAL TERMS

TERM	DEFINITION
tholeiitic	A descriptive term for a basalt with little or no olivine.
thrust fault	A reverse fault or shear that has a low angle inclination to the horizontal.
tremolite	A grey or white metamorphic mica of the amphibole group, usually occurring as bladed crystals or fibrous aggregates.
ultramafic	Igneous rocks consisting essentially of ferromagnesian minerals with trace quartz and feldspar.
veins	A thin infill of a fissure or crack, commonly bearing quartz.
volcaniclastics	Pertaining to clastic rock containing volcanic material.
volcanics	Formed or derived from a volcano.
zinc	A lustrous, blueish-white metallic element used in many alloys including brass and bronze.

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xii) "Uranium Deposits of the Northern Territory"; Lally JH and Bajwah ZU; Report 20 Northern Territory Geological Survey; November 2006

xiii) "Metallogenic Endowment of Cratons, Belts, and Districts"; Jarieth S, Huston D and Jaques L (2008); USGEO – GA 11622

xiv) "Unconformity-Associated Uranium Deposits of the Athabasca Basin, Saskatchewan and Alberta"; Jefferson CW, Thomas DJ, G2, S.S. Gandhi SS, Ramaekers P , Delaney G, Brisbin D, Cutts C, Quirts D, Portella P and Olson RA; in Goodfellow, W.D., ed., Mineral Deposits of Canada: A Synthesis of Major Deposit-Types, District Metallogeny, the Evolution of Geological Provinces, and Exploration Methods: Geological Association of Canada, Mineral Deposits Division, Special Publication No. 5, p. 273-305.

xv) Uranium Deposits of the Northern Territory"; Lally JH and Bajwah ZU; Report 20 Northern Territory Geological Survey; November 2006

6 INVESTIGATING ACCOUNTANT'S REPORT

STANTONS INTERNATIONAL PTY LTD | TRADING AS STANTONS INTERNATIONAL SECURITIES
1ST FLOOR, 1 HAVELOCK STREETWEST PERTH WA 6005
ABN: 41 103 088 697

8 August 2010

The Directors
St George Mining Limited
Level 1, 115 Cambridge Street
LEEDERVILLE WA 6007

Stantons International Pty Ltd trading as
Stantons International Securities
ABN 41 103 088 697 AFS Licence No. 319600

Dear Sirs

RE: **INVESTIGATING ACCOUNTANT'S REPORT**

1.INTRODUCTION

This report has been prepared at the request of the Directors of St George Mining Limited ("St George" or "the Company") for inclusion in a Prospectus to be dated on or around 16 August 2010 ("the Prospectus") relating to the proposed issue by St George of 20,000,000 shares to be issued at a price of 20 cents per share to raise $4,000,000.

2.BASIS OF PREPARATION

This report has been prepared to provide investors with information on historical results, the consolidated statement of financial position of St George and the pro-forma consolidated statement of financial position of St George as noted in Appendix 2. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial reports in accordance with the Corporation Act 2001. This report does not address the rights attaching to the securities to be issued in accordance with the Prospectus, nor the risks associated with the investment. Stantons International Securities has not been requested to consider the prospects for St George, the securities on offer and related pricing issues, nor the merits and risks associated with becoming a shareholder and accordingly, has not done so, nor purports to do so. Stantons International Securities accordingly takes no responsibility for those matters or for any matter or omission in the Prospectus, other than responsibility for this report. Risk factors are set out in Section 8 of the Prospectus.

3.BACKGROUND

St George was incorporated on 19 October 2009 in Australia with an issued capital of one ordinary share. During the period to 30 April 2010, the Company issued a further 19,999,999 ordinary shares at an issue price of 0.8 cents ($159,999.99). In addition to 30 April 2009, a further 4,000,000 ordinary shares were issued at 1 cent each to raise $40,000 and 1,000,000 ordinary shares issued at 2.5 cents each to eliminate a debt of $25,000. To 31 May 2010, the Company received further funds of $600,000 and 7,500,000 shares issued at 8 cents each so as at 31 May 2010 there were 32,500,000 ordinary shares on issue. The Company also borrowed a further net (of cash repayments and debt to share equity conversions) $230,000 via cash receipts and accounts payable to 31 May 2010 from various parties and these are repayable at the earlier of 31 January 2011 or 21 days after the Company achieves an ASX listing. The loans are interest free.

The Company has also on issue 100 Performance Shares, 55 of which have been issued to the directors or associates of the directors of St George. The key terms of the Performance Shares are as follows:

- No voting rights to vote at the Company's general meeting of shareholders;
- No dividend rights;
- No rights to surplus profits or assets on wind up of the Company (whilst a Performance Share);
- On listing of the Company on the Australian Securities Exchange ("ASX"), the Performance Shares are not transferable;
- Each Performance Share will convert to 100,000 ordinary shares in the Company upon the first to occur of the following events:
  1. a Company Project attains a measured JORC Code compliant inferred resource of at least 1,000,000 ounces of gold;
  2. a Company Project attains a measured JORC Code compliant inferred resource of at least 50,000 tonnes of contained nickel;
  3. the market capitalisation of the Company is greater than $50,000,000 for a minimum of 30 consecutive trading days, based on the volume weighted average price of ordinary shares quoted on ASX;
  4. a Company Project (or any part of it) is sold for a value of at least $25,000,000 in cash and/or assets of equivalent value; or
  5. a joint venture is entered into for a Company Project and payments of at least $25,000,000 in cash and/or assets of equivalent value are paid to the Company as part of the arrangement.
- 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 ASX, then each Performance Share will automatically convert into one ordinary share.

On 5 November 2009, the Company as guarantor and its wholly owned subsidiary, Desert Fox Resources Pty Ltd ("Desert Fox") as purchaser entered into a Sale Agreement with A1 Minerals Limited for Desert Fox to acquire a 100% interest in 5 Exploration Licences and 5 Application for Exploration Licences (subsequently granted to A1 Minerals Limited and held in trust for Desert Fox)) (part of the East Laverton Property that contains the Crusader Gold Project, the Zeus Nickel Project and the Empire Copper Project) for the consideration of $300,000. Both St George (as guarantor) and Desert Fox have also entered into a Minerals Royalty Deed relating to a 2% royalty payable on a net smelter return basis on minerals produced from the tenements. A further two Exploration Licences were acquired from A1 Minerals on 15 June 2010 for nil consideration and with the same 2% royalty attached. Further tenements have been pegged by Desert Fox relating to the East Laverton Property and the expected initial costs will be $14,000 (accrued as at 31 May 2010).

On 1 March 2010, the Company entered into a Heads of Agreement ("HOA") with Geotech International Pty Ltd and James Ian Stewart (jointly and severally known as the Vendor) for St George to acquire an interest in the Blue Ant Tenement (ELA 27732) in the Pine Creek area of the Northern Territory hosting the Blue Thunder Gold Project and the White Strike Uranium Project. The HOA has been replaced by an Option Agreement dated 23 June 2010 whereby Blue Thunder Resources Pty Ltd ("Blue Thunder") (a wholly owned subsidiary of St George) has an option to acquire an initial 80% interest in ELA 27732 and the option expires 12 months after grant of the Blue Ant Tenement but may be extended by successive 12 month periods (maximum of 3 extensions) at the election of St George by payment of an extension fee to the Vendor. The initial option fee was $20,000 (paid and capitalised) and each extension fee is $60,000.

A bonus payment of $60,000 in cash is payable by St George to the Vendor within 30 days of admission to the Official List of ASX. Upon the grant of the Blue Ant Tenement, a further bonus is payable being, $60,000 in cash within 30 days of grant of the Blue Ant Tenement and 800,000 share options in St George. Each share option is exercisable at 20 cents each, have a two year maturity period to be exercised, will be listed on ASX and be issued to the Vendor within 30 days of the grant of the Blue Ant Tenement but not earlier than 6 months after the admission of St George to the Official List of ASX. If we assumed a fair market share price of 20 cents, a risk free interest rate of 4.85%, a 2 year term and a volatility rate of 50%, the value of 800,000 share options would approximate $49,840. Blue Thunder may exercise the option to acquire 80% of the Blue Ant Tenement by paying the Vendor $500,000 in cash. St George in the meantime is obligated to pay the minimum expenditure and keep the Blue Ant Tenement in good standing and meet other statutory obligations including Aboriginal Heritage issues and environmental and rental obligations. If St George does not obtain conditional approval for the admission to the Official List of ASX within 6 months of execution of a formal Option Agreement (now completed), the Vendor may terminate the Option Agreement. The Vendor is free carried up to the point in time when a decision to mine is made following completion of a bankable feasibility study for the Blue Ant Project. In addition, on 23 June 2010 Blue Thunder signed a Deed with the Vendor in respect of ELA 28017 and ELA 28016 of which Blue Thunder is the registered applicant. 20% of the two tenements are to be held in trust for the Vendor. Further details are outlined elsewhere in the Prospectus.

The Company in June 2010 entered into an employment service contract with John Prineas ("Prineas") effective from 1 June 2010. The basic terms are a base salary of $180,000 per annum plus statutory superannuation that is currently 9% effective from the date the Company achieves an ASX listing (no remuneration paid before that date). Bonuses may be paid if Prineas meets certain performance conditions to be set be the Board. The initial term is for a period of three years from 1 June 2010 and may be extended for two years by the Company giving six months notice. Refer to Section 9.2 in the Prospectus for further details on termination details and possible payouts.

The Company in June 2010 entered into a consultancy contract with Essential Risk Solutions Pty Ltd ("ERS") and Tim Hronsky ("Hronsky") effective from 1 June 2010. The basic terms are a base service fee of $7,500 per month from 1 June 2010 to the date the Company achieves an ASX listing and thereafter a base service fee of $15,000 per month ($180,000 per annum). ERS will be paid a $60,000 bonus within 30 days of the Company achieving an ASX listing. Up to 4 economy class trips between Perth and Vancouver may be paid by the Company on behalf of Hronsky in each calendar year. The initial term is for a period of three years from 1 June 2010 and may be extended for two years by the Company giving six months notice. Refer to Section 9.3 in the Prospectus for further details on termination details and possible payouts and issue of share options.

St George has entered into an engagement letter relating to the appointment of a non executive director. The engagement letter with Mr Marcus Michael ("Michael") provides for the payment of directors fees of $40,000 plus 9% superannuation per annum. Furthermore Michael will be paid Company Secretarial fees of $36,000 plus statutory superannuation. Both the director fees and Company Secretarial fees are effective from the date the Company achieves an ASX listing. In the meantime, the accountancy practice of which Marcus Michael is a director and shareholder is charging accountancy fees on ordinary commercial terms.

Potential investors should read the Prospectus in full that includes an Independent Geologist's Report and a Solicitor's Report on Tenements. We make no comments as to ownership or values of the current and proposed mineral tenement interests of St George. Further details on all significant contracts entered into by the Company and its subsidiaries since incorporations are referred to in the Material Contracts Section 9 of the Prospectus and in relation to the contracts with A1 Minerals and the Vendor, in Part III of the Solicitor's Report on Tenements.

4. SCOPE OF EXAMINATION

You have requested Stantons International Securities to prepare an Investigating Accountant's Report on:

a) the consolidated results (statement of comprehensive income) of St George from incorporation to 30 June 2010;

b) the consolidated statement of financial position of St George as at 30 June 2010; and

c) the pro-forma consolidated statement of financial position of St George at 30 June 2010 adjusted to include funds to be raised by the Prospectus and the completion of transactions referred to in note 2 of Appendix 3.

All of the financial information referred to above has not been audited however has been subject to audit review. The

Directors of St George are responsible for the preparation and presentation of the historical and pro-forma financial information, including the determination of the pro-forma transactions. We have however examined the financial statements and other relevant information and made such enquiries, as we considered necessary for the purposes of this report. The scope of our examination was substantially less than an audit examination conducted in accordance with Australian Auditing Standards and accordingly, we do not express such an opinion. Our examination included:

a) discussions with directors and other key management of St George;

b) review of contractual arrangements;

c) a review of publicly available information; and

d) a review of work papers, accounting records and other documents.

5. OPINION

In our opinion, the pro-forma consolidated statement of financial position as set out in Appendix 2 presents fairly the pro-forma statement of financial position of St George as at 30 June 2010 in accordance with the accounting methodologies required by Australian Accounting Standards on the basis of assumptions and transactions set out in Appendix 3. No opinion is expressed on the historical results and statements of financial positions, as shown in Appendix 1, except to state that nothing has come to our attention which would require any further modification to the financial information in order for it to present fairly, the statements of financial position as at 30 June 2010 and the results of the period identified.

To the best of our knowledge and belief, there have been no other material items, transactions or events subsequent to 30 June 2010 that have come to our attention during the course of our review which would cause the information included in this report to be misleading.

6. OTHER MATTERS

At the date of this report, Stantons International Securities or Stantons International Pty Ltd (trading as Stantons International) do not have any material interest in St George either directly or indirectly, or in the outcome of the offer. Stantons International, a firm that owns the business name of Stantons International Securities were appointed as auditors of St George in November 2009. Stantons International Securities and Stantons International Pty Ltd were not involved in the preparation of any other part of the Prospectus, and accordingly, make no representations or warranties as to the completeness and accuracy of any information contained in any other part of the Prospectus. Stantons International Securities consents to the inclusion of this report (including Appendices 1 to 3) in the Prospectus in the form and content in which it is included. At the date of this report, this consent has not been withdrawn.

Yours faithfully

STANTONS INTERNATIONAL SECURITIES

J P VAN DIEREN – FCA
DIRECTOR

APPENDIX 1 – UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	ST GEORGE CONSOLIDATED FROM INCORPORATION TO 30 JUNE 2010 ($)
Interest income	-
Travel costs	17,292
Consulting fees	19,327
Exploration costs written off	187,695
Other costs	40,211
Net (loss) before tax	264,525
Income tax expense attributable to net loss	-
Net (loss) after tax	264,525

APPENDIX 2 – UNAUDITED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTE	ST GEORGE CONSOLIDATED 30 JUNE 2010 $	PRO-FORMA ST GEORGE CONSOLIDATED 30 JUNE 2010 $
Current Assets			
Cash assets	3	382,841	3,439,491
Receivables and prepayments	4	98,901	24,691
Total Current Assets		481,742	3,464,182
Non Current Assets			
Investments	5	-	
Capitalised acquisition costs	6	386,956	556,796
Total Non Current Assets		386,956	556,796
Total Assets		868,698	4,020,978
Current Liabilities			
Trade and other payables	7	104,862	-
Other loans	7	230,000	-
Total Current Liabilities		334,862	-
Total Liabilities		334,862	-
Net Assets		533,836	4,020,978
Equity			
Issued capital	8	798,361	4,395,663
Option Reserve	9	-	49,840
Accumulated losses	10	(264,525)	(424,525)
Total Equity		533,836	4,020,978

Notes forming part of the unaudited consolidated statement of comprehensive income and consolidated statements of financial position are set out in Appendix 3.

INVESTIGATING ACCOUNTANT'S REPORT - APPENDIX 3

NOTES TO THE UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

1. STATEMENTS OF SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF ACCOUNTING

The unaudited consolidated Statement of Comprehensive Income and unaudited consolidated Statements of Financial Position have been prepared in accordance with applicable accounting standards, the Corporations Act 2001 and mandatory professional reporting requirements in Australia (including the Australian equivalents of International Financial Reporting Standards) and we have made such disclosures as considered necessary. They have also been prepared on the basis of historical cost and do not take into account changing money values. The accounting policies have been consistently applied, unless otherwise stated. The financial statements have been prepared on a going concern basis that is dependent on the IPO being successful and/or the Company raising additional seed capital to continue in business.

(B) INCOME TAX

The charge for current income tax expense is based on the profit for the year adjusted for any non assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted as at balance date. Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxation profit or loss. Deferred income tax assets are recognised to the extent that it is probable that the future tax profits will be available against which deductible temporary differences will be utilised. The amount of the benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic unit will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by law.

(C) EXPLORATION, EVALUATION AND DEVELOPMENT EXPENDITURE

Exploration and evaluation expenditure on areas of interest are expensed as incurred. Costs of acquisition will normally be expensed but will be assessed on a case by case basis and may be capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Where projects have advanced to the stage that directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

(D) PLANT AND EQUIPMENT

Each class of property, plant and equipment is carried at cost or fair value, less where applicable, any accumulated depreciation and impairment losses. The carrying amount of the plant and equipment is reviewed annually by the Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employed and their subsequent disposal. The expected net cash flows have been discounted to their present value in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the Company commencing from the time the asset is held ready for use. The asset's residual value and useful lives are reviewed and adjusted if appropriate, at each balance sheet date.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying value is greater than the estimated recoverable amount. Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(E) TRADE AND OTHER ACCOUNTS PAYABLE

Trade and other accounts payable represent the principal amounts outstanding at balance date, plus, where applicable, any accrued interest.

(F) RECOVERABLE AMOUNT OF NON CURRENT ASSETS

The carrying amounts of non-current assets are reviewed annually by directors to ensure they are not in excess of the recoverable amounts from those assets. The recoverable amount is assessed on the basis of the expected net cash flows, which will be received from the assets employed and subsequent disposal. The expected net cash flows have been or will be discounted to present values in determining recoverable amounts.

(G) OPERATING REVENUE

Revenue represents interest received and reimbursements of exploration expenditures.

(H) ISSUED CAPITAL

Ordinary Shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(I) EMPLOYEE BENEFITS

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave. Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(J) CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

(K) SHARE BASED PAYMENTS

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ("equity-settled transactions"). The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an internal valuation using Black-Scholes or Binomial option pricing models.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the Group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(L) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of St George and its subsidiaries ("the Group"). The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which St George has control.

(M) EMPLOYEE BENEFITS

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liability, are used.

(N) CRITICAL ACCOUNTING ESTIMATES & JUDGEMENTS

In preparing Financial Reports, the Company has been required to make certain estimates and assumptions concerning future occurrences. There is an inherent risk that the resulting accounting estimates will not equate exactly with actual events and results.

Significant accounting judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Capitalisation of exploration and evaluation expenditure

The Group has capitalised significant Acquisition expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the Areas of Interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised acquisition expenditure is dependent on an number of factors, including whether the Company decides to exploit the related lease itself, or, if not, whether it successfully recovers the related exploration and evaluation asset through sale. Factors that could impact the future recoverability include the level of reserves and resources, future technological changes, costs of drilling and production, production rates, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

(O) INVESTMENTS AND OTHER FINANCIAL ASSETS

The Company classifies its investments in the following categories: financial assets at fair value through profit and loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at each reporting date.

Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. Held-to-maturity investments are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed to the statement of financial performance. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. When securities are classified as available-for-sale are sold, the accumulated fair value adjustments recognised in equity are included in the statement of financial performance as gains and losses from investment securities.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Available-for-sale financial assets at fair value through profit or loss are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the income statement within other income or other expenses in the period in which they arise. Income from financial assets at fair value through profit and loss is recognised in the income statement as part of income from continuing operations when the Company's right to receive payment is established.

(P) ASSET RETIREMENT OBLIGATIONS

The Company's mineral exploration and development activities are subject to various Australian laws and regulations regarding the protection of the environment. As a result of these, the Group is expected to incur expenses from time to time to discharge its obligations under these laws and regulations.

Reclamation and closure costs are estimated based on the Company's interpretation of current regulatory and operating licence requirements and measured at fair value. Fair value is determined based on the net present value of future cash expenditures expected upon reclamation and closure and subsequent annual recognition of an accretion amount on the discounted liability. Reclamation and closure costs are capitalised as mine development costs and amortised over the life of the mine on a unit-of-production basis.

2.ACTUAL AND PROPOSED TRANSACTIONS TO ARRIVE AT PRO-FORMA UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Actual and proposed transactions adjusting the 30 June 2010 unaudited consolidated Statement of Financial Position of St George in the 30 June 2010 pro-forma consolidated Statement of Financial Position of St George are as follows:

(a) the issue of 20,000,000 shares at 20 cents each to raise a gross $4,000,000 pursuant to the Prospectus;

(b) the payment of $230,000 of loan funds from the promoters post ASX listing;

(c) the payment of 30 June 2010 accounts payable of $104,862;

(d) the further payment of cash expenses of the Prospectus issue totalling an estimated $328,488 and the expensing of such costs against share equity and the expensing the prepaid capital raising costs against share equity of $74,210 so that the total cash capital raising costs approximate $402,698;

(e) the incurring of additional group administration and other costs of say $100,000;

(f) the payment of a $60,000 bonus on listing and the payment of a further $60,000 and the issue of 800,000 share options valued at $49,840 upon the Blue Ant Tenement being granted; and

(g) the payment of a bonus of $60,000 to ERS.

	NOTE 2	UNAUDITED CONSOLIDATED ST GEORGE 30 JUNE 2010 $	UNAUDITED CONSOLIDATED ST GEORGE PRO-FORMA 30 JUNE 2010 $
3. CASH ASSETS			
The movements in cash assets are as follows:			
Unaudited 30 June 2010		382,841	382,841
Issue of shares pursuant to the Prospectus	(a)	-	4,000,000
Repayment of loans from promoters	(b)	-	(230,000)
Payment of payables	(c)	-	(104,862)
Prospectus issue costs	(d)	-	(328,488)
Administration costs	(e)	-	(100,000)
Bonus costs re option acquisition	(f)	-	(120,000)
Bonus to ERS	(g)	-	(60,000)
		382,841	3,439,491

	NOTE 2	UNAUDITED CONSOLIDATED ST GEORGE 30 JUNE 2010 $	UNAUDITED CONSOLIDATED ST GEORGE PRO-FORMA 30 JUNE 2010 $
4. RECEIVABLES AND PREPAYMENTS			
Receivables/GST		24,691	24,691
Prepaid capital raising costs		74,210	74,210
Less: Transferred to share equity	(d)	-	(74,210)
		98,901	24,691
5. INVESTMENTS AND LOANS TO SUBSIDIARIES			
Shares in subsidiaries			
Shares in Desert Fox		1	1
Shares in Blue Thunder		1	1
Less: Eliminated on consolidation		(2)	(2)
	-		-
Loans to subsidiaries			
Loans to Desert Fox	(f)	518,960	518,960
Loans to Blue Thunder		55,691	55,691
Less: Eliminated on consolidation		(574,651)	(574,651)
		-	-
Total Investment		-	-

The Company is financing the operations of Desert Fox and Blue Thunder and thus the subsidiaries have unsecured borrowings from St George that are interest free and at call. The ability for the subsidiaries to repay debts due to St George (and other parties) will be dependent on the commercialisation of the mining assets owned by the subsidiaries. Losses may be incurred by the subsidiaries and provisions raised against the loans due by the subsidiaries to St George in the books of St George.

	NOTE 2	UNAUDITED CONSOLIDATED ST GEORGE 30 JUNE 2010 $	UNAUDITED CONSOLIDATED ST GEORGE PRO-FORMA 30 JUNE 2010 $
6. CAPITALISED ACQUISITION COSTS			
Capitalised acquisition costs		386,956	386,956
Further payments and issue of share options	(f)	-	169,840
		386,956	556,796
7. TRADE AND OTHER PAYABLES			
Trade and other payable		104,862	104,862
Loans from associates and other persons		230,000	230,000
Less: Payment of trade and other payables	(c)	-	(104,862)
Less: Loan repayments	(b)	-	(230,000)
		334,862	-
8. ISSUED CAPITAL			
Ordinary Shares			
32,500,000 shares at 30 June 2010		825,001	825,001
20,000,000 shares pursuant to the Prospectus	(a)	-	4,000,000
		825,001	4,825,001
Less: estimated share issue costs	(d)	(26,640)	(429,338)
Pro-forma (52,500,000 ordinary shares)		798,361	4,395,663
Performance Shares			
		-	-
100 Performance Shares on issue		-	-

Refer the Background Section 3 of this report for details on the potential conversion of the Performance Shares to ordinary shares. The maximum number of ordinary shares that may be issued on conversion of the Performance Shares is 10,000,000.

	NOTE 2	UNAUDITED CONSOLIDATED ST GEORGE 30 JUNE 2010 $	UNAUDITED CONSOLIDATED ST GEORGE PRO-FORMA 30 JUNE 2010 $
9. OPTION RESERVE			
Balance at 30 June 2010		-	-
Issue of 800,000 share options	(f)	-	49,840
		-	49,840

Refer the Background Section 3 of this report for details on the 800,000 share options that may be issued and assumptions made in valuing the share options.

The Company proposes to make an issue of share options to all shareholders registered with the Company approximately 6 months after achieving an ASX listing. Such share options will be issued at 1 cent each and be exercisable at 20 cents each, on or before 2 years from the date of the ASX listing. The offer will be on the basis of one new share options for every two shares held at the record date.

10. ACCUMULATED LOSSES			
Balance 30 June 2010		264,525	264,525
Administration costs	(e)	-	100,000
Bonus to ERS	(g)	-	60,000
		264,525	424,525

11. CONTINGENT LIABILITIES AND COMMITMENTS

Based on discussions with the directors and legal advisors, to our knowledge, the Company has no other material commitment or contingent liabilities not otherwise disclosed in this Investigating Accountant's Report (refer Background section 3) and in the Prospectus. Investors should read the Independent Solicitor's Report on Tenements and the Independent Geologist's Report for further possible contingencies and commitments. There may be royalties payable on some of the tenements.

For details on proposed exploration commitments on mineral tenements, refer to the Independent Geologist's Report in the Prospectus and section 1.4 of the Prospectus.

12. RENTAL OF PREMISES COMMITMENTS

The Company has no arrangement to sub lease premises. The Company may seek premises on achieving an ASX listing or enter into a licence arrangement with parties associated with Marcus Michael.

13. EMPLOYMENT AND CONSULTANCY AGREEMENTS

The Company has entered into an employment contract with John Prineas as Executive Chairman effective 1 June 2010. The Company has entered into a consultancy agreement with ERS to use the services of Tim Hronsky. A summary of the financial details on the employment and consultancy agreements are outlined in the Background Section of this report and/or in the Material Contracts section 9 of the Prospectus. In addition, there are letter agreements with Marcus Michael and/or associated company to provide secretarial ($36,000 per annum) and accounting and tax services for the Company at normal professional rates.

7 SOLICITOR'S REPORT ON TENEMENTS

STEINEPREIS PAGANIN | LAWYERS AND CONSULTANTS
LEVEL 4, THE READ BUILDINGS, 16 MILLIGAN STREET, PERTH WA 6000

10 August 2010

The Board of Directors
St George Mining Limited
Level 1
115 Cambridge Street
WEST LEEDERVILLE WA 6007

STEINEPREIS PAGANIN
Lawyers & Consultants

Dear Sirs

SOLICITOR'S REPORT ON TENEMENTS

This report is prepared for inclusion in a prospectus to be issued by St George Mining Limited (**St George Mining** or the **Company**) on or about 16 August 2010 for the issue of 20,000,000 shares in the capital of the Company at an issue price of $0.20 per share to raise $4,000,000 (**Prospectus**).

1. SCOPE

We have been requested to report on certain mining tenements in which the Company has an interest.

As at the date of this Report, the Company holds an interest in:

(a) 16 granted exploration licences in Western Australia, and three (3) applications for the grant of exploration licences in Western Australia (**WA Tenements**); and

(b) three (3) applications for the grant of exploration licences in the Northern Territory (**NT Tenements**).

A schedule of WA Tenements and NT Tenements (together, the **Tenements**) is attached to and forms part of this report (Schedule). Part I of the Schedule contains a list of the Tenements and the conditions attaching to the Tenements. Part II of the Schedule contains a summary of the status of the native title claims existing over the Tenements.

2. SEARCHES

For the purposes of this report, we have conducted searches and made enquiries in respect of all of the Tenements as follows:

(a) we have reviewed searches of the Tenements in the registers maintained by:

(i) the Western Australian Department of Mines & Petroleum (**WA Department**); and

(ii) the Northern Territory Department of Resources (**NT Department**).

These searches were conducted between 29 April 2010 and 9 August 2010;

(b) we have reviewed searches of the Register of Native Title Claims maintained by the National Native Title Tribunal (**NNTT**) in respect of native title claims affecting the Tenements and indigenous land use agreements registered over the Tenements. This material was obtained between the 29 April 2010 and 3 August 2010;

(c) we have requested from, and been provided by the NT Department, advice as to whether any of the NT Tenements are subject to Aboriginal Land Rights under the Aboriginal Land Rights (Northern Territory) Act 1976 (Cth). This advice was obtained on 10 August 2010;

(d) we have requested from, and been provided by, the Company all material agreements relating to the Tenements (**Agreements**) and have reviewed and summarised the material terms (details of which are set out in Part III of the Schedule); and

(e) we have relied on the information contained in a document entitled "Tenement Report on Exploration Licences Application 27732", dated 15 March 2010, prepared by McColl Exploration and Mining Title Services Pty Ltd, the Company's Northern Territory tenement consultant, and confirmations provided by this consultant on 10 August 2010.

The Company's rights in respect of various Tenements depends on the enforceability of the Agreements and the parties to the Agreements complying with and fulfilling the terms and conditions of such Agreements.

On the basis of the searches conducted and our review of the Agreements, subject to the enforceability of such Agreements, we consider that this report (and the Schedule) provides an accurate statement as to the status of the Tenements as at the date the relevant searches were obtained.

3.OPINION

As a result of our searches and enquiries, but subject to the assumptions and qualifications set out below, we are of the view that, as at the date of the relevant searches:

(a) the details of the Tenements included in this report are accurate as to the status of the Tenements and the Company's interest in the Tenements;

(b) where title to a Tenement has not been granted or an application for extension of a term of a Tenement is pending, that fact is disclosed in the Schedule;

(c) all applicable rents due under the applicable state mining legislation in respect of the Tenements have been paid, unless otherwise noted in the Schedule; and

(d) the valid grant of any of the current applications for Tenements which may affect native title will require compliance with the applicable processes of the Native Title Act 1993 as amended by the Native Title Amendment Act 1998 (Cth) (which are together referred to as the **NTA**).

4. TITLE

The Company's interest in the Tenements is held through the following entities or subject to the following agreements:

(a) Desert Fox Resources Pty Ltd (a wholly owned subsidiary of the Company) (**Desert Fox**);

(b) Blue Thunder Resources Pty Ltd (a wholly owned subsidiary of the Company) (**Blue Thunder**);

(c) Desert Fox and the Company have entered into an agreement with A1 Minerals Limited (**A1 Minerals**) pursuant to which Desert Fox has acquired 100% of the rights, title and interest in a number of WA Tenements (**Sale Agreement**). At the date the parties entered into the Sale Agreement, some of the WA Tenements were applications, which have subsequently been granted, being:

(i) E39/1472;

(ii) E39/1473

(iii) E39/1474;

(iv) E39/1475; and

(v) E39/1476.

Following the Sale Agreement, A1 Minerals became the registered holder of WA Tenements, E39/1467 and E39/1492 and the parties have subsequently entered into a deed pursuant to which Desert Fox has agreed to purchase these additional WA Tenements from A1 Minerals, and the parties have agreed to vary the Sale Agreement to include the these WA tenements.

As at the date of this Report none of the WA Tenements listed above have been registered in the name of Desert Fox. A1 Minerals has provided an executed transfer for each of those Tenement applications in favour of Desert Fox which will enable Desert Fox to become the registered holder of those Tenements. To this end, all rights attached to the Tenements are being held on trust for Desert Fox until such time as the Tenements are registered in the name of Desert Fox; such registration being subject to the Minister's consent under Section 64 of the Mining Act 1978 (WA) (**WA Mining Act**);

(d) Blue Thunder and the Company have entered into an option agreement with Geotech International Pty Ltd (**Geotech International**) and Mr James Stewart in relation to NT Tenement ELA27732 (**Option Agreement**). Pursuant to the Option Agreement, Blue Thunder has the option to purchase an 80% interest and enter into a joint venture in relation to that Tenement. The parties to the Option Agreement have similarly entered into a Deed in relation to NT Tenements ELA28016 and ELA28017 (**Additional NT Tenements Deed**). Pursuant to the Additional NT Tenements Deed, NT Tenements ELA28016 and ELA28017 will be contributed to a joint venture between the parties on equivalent terms as provided for in the Option Agreement.

Details of the Agreements are set out in Part III of the Schedule.

5.EXECUTIVE SUMMARY

Subject to the qualifications and assumptions in this Report, we consider the following to be material issues in relation to the Tenements:

(a) (**Company's Interest**): The Company, via Desert Fox currently has a registered interest in WA Tenements E39/0981, E39/0982, E39/0985, E39/1064, E39/1229, E39/1518, E39/1519, E39/1520, E39/1521, ELA39/1549, ELA39/1565 and ELA39/1572 as the holder or applicant for those WA Tenements. Also, via Blue Thunder, the Company has registered interest in ELA20816 and ELA28017 as the applicant for those NT Tenements. The Company does not otherwise presently have a registered interest in E39/1467, E39/1472, E39/1473, E39/1474, E39/1475, E39/1476, and E39/1492. Accordingly, the Company only has an equitable interest in respect of those other Tenements, which it acquired under the Sale Agreement. However, as above and in accordance with, the Sale Agreement, all rights attached to those Tenements are being held on trust for Desert Fox until such time as the Tenements are registered in the name of Desert Fox; such registration being subject to the Minister's consent under Section 64 of the WA Mining Act.

(b) (**Third party interests**): The Company has also (in connection with the Sale Agreement) entered into a royalty deed with Desert Fox and A1 Minerals dated 5 November 2009 (**Royalty Deed**) to assume certain royalty payments to A1 Minerals. Part III of the Schedule summarises the details of these arrangements.

6. TENEMENTS

6.1 WA TENEMENTS

The Tenements comprise exploration licences granted or applied for under the WA Mining Act. The following provides a description of the nature and key terms of exploration licences pursuant to the WA Mining Act. It is important to note that E39/0981, E39/0985 and E39/1064 were granted in August 2004. The remaining exploration licences comprising the granted WA Tenements were granted after 10 February 2006.

(a) **Application:** A person may lodge an application for an exploration licence and the Minister decides whether to grant the application. An application for an exploration licence (unless a reversion application) cannot be legally transferred and continues in the name of the applicant.

(b) **Rights:** The holder of an exploration licence is entitled to enter the land and undertake operations for the purposes of exploration for minerals.

(c) **Term:** An exploration licence has a term of five years from the date of grant. The Minister may extend the term where:

(i) the exploration licence was applied for and granted before 10 February 2006, by a further period or periods of one or two years; and

(ii) the exploration licence was applied for and granted after 10 February 2006, by a further period of five years followed by a further period or periods of two years.

Where an exploration licence is transferred before a renewal application has been determined, the transferee is deemed to be the applicant.

(d) **Retention Status:** The holder of an exploration licence applied for and granted after 10 February 2006 may apply for approval of retention status for the exploration licence. The Minister may approve the application where there is an identified mineral resource within the exploration licence but it is impractical to mine the resource for prescribed reasons. Where retention status is granted, the minimum expenditure requirements are reduced in the year of grant and cease in future years. However, the Minister has the right to impose a programme of works or require the holder to apply for a mining lease. The holder of an exploration licence applied for and granted before 10 February 2006 can apply for a retention licence (see below).

(e) **Conditions:** Exploration licences are granted subject to various standard conditions, including conditions relating to minimum expenditure, the payment of prescribed rent and royalties and observance of environmental protection and reporting requirements. A failure to comply with these conditions may lead to forfeiture of the exploration licence.

(f) **Relinquishment:** The holder of an exploration licence applied for and granted for before 10 February 2006 must relinquish not less than half of the blocks comprising the licence at the end of the third year. A further relinquishment of not less than half of the remaining blocks is required at the end of the fourth year. The holder of an exploration licence applied for and granted after 10 February 2006 must relinquish not less than 40% of the blocks comprising the licence at the end of the fifth year.

(g) **Priority to apply for Mining Lease:** The holder of an exploration licence has priority to apply for a mining lease over any of the land subject to the exploration licence. Any application for a mining lease must be made prior to the expiry of the exploration licence. The exploration licence remains in force until the application for the mining lease is determined.

(h) **Transfer:** No legal or equitable interest in an exploration licence can be transferred or otherwise dealt with during the first year of its term without the prior written consent of the Minister. Thereafter, there is no restriction on transfer or other dealing.

(i) **Reversion Application:** The WA Mining Act allows the holder of an exploration licence who had applied for a mining lease before 10 February 2006 to lodge an application between 11 February 2006 and 10 February 2007 for an exploration licence or prospecting licence in lieu of the grant of the mining lease. The Mining Act provides that reversion applications are deemed to be transferred to a transferee of the underlying exploration licence.

6.2 NT TENEMENTS

The NT Tenements comprise exploration licences applied for under the Mining Act 1980 (NT) (**NT Mining Act**). The following provides a description of the nature and key terms of exploration licences and mining leases pursuant to the NT Mining Act.

Exploration Licences

(a) **Rights:** The holder of an exploration licence is authorised to conduct exploration activity on the tenement with any equipment as may be necessary for the purpose of exploring for minerals.

(b) **Term:** An exploration licence may be granted for a term not exceeding six years and may be renewed for two further periods of two years at the Minister's discretion.

(c) **Area:** The area of land in respect of which an exploration licence may be granted must be contained in a single licence area and must not exceed 500 blocks. Under the NT Mining Act, the area of an exploration licence must be reduced by 50% after two years from the date of the grant of the exploration licence, and for each year after that, a further 50% of the remaining area must be relinquished, subject to the discretion of the Minister.

(d) **General Conditions:** An exploration licence is granted subject to certain standard conditions under the NT Mining Act and includes obligations relating to rehabilitation, payment of rent, minimum expenditure and reporting requirements.

(e) **Rent:** The prescribed rent for an exploration licence in the Northern Territory, for the purposes of the NT Mining Act, are set out in Section 7 of the Mining Regulations (NT) (**NT Regulations**). Section 7 states that rent, after the date of grant of the exploration licence, shall be:

(i) $10 for each block in the first year and second year;

(ii) $20 for each block in the third year;

(iii) $40 for each block in the fourth year;

(iv) $80 for each block in the fifth year;

(v) $160 for each block in the sixth year; and

(vi) $320 for each block per year in the period of renewal.

Pursuant to Section 171 of the NT Mining Act, the Minister may cancel an exploration licence where the holder of the licence fails to comply with a provision of rent required by the NT Regulations.

(f) **Expenditure:** In accordance with Section 24 of the NT Mining Act, every exploration licence shall, unless expressly waived, varied or suspended in writing by the Minister, be granted subject to the conditions imposed by or under Section 166 of the NT Mining Act and to the condition that the licensee will expend not less than the minimum amount of expenditure specified in the licence in carrying out exploration activities on the licence area.

The holder of an exploration licence may apply in writing to the Minister for a waiver, variation or suspension of, or exemption from the need to comply with, a condition of his exploration licence.

Pursuant to Section 171 of the NT Mining Act, the Minister may cancel an exploration licence where the holder of the licence fails to comply with a provision of rent required by the NT Regulations.

(g) **Ministerial Consent:** Under the Mining Management Act (NT), any activity on tenure (other than for exploration that does not involve substantial disturbance) requires the Minister to grant ministerial authorisation before that activity can commence. Any such activity would need to be undertaken in accordance with a mining management plan and risk management plan under the Workplace Health and Safety Act (NT), which is integral with the Ministerial Authorisation and must deal with safety, health and environmental issues.

(h) **Transfer:** Section 173 of the Mining Act precludes the registration of an interest in respect of an application for a tenement until the relevant tenement is granted. Accordingly, an application for a tenement is not capable of being transferred until the relevant tenement is granted.

7. ABORIGINAL HERITAGE SITES

7.1 GENERAL

There may be areas or objects of aboriginal heritage located on the Tenements.

We have not undertaken searches to ascertain if any Aboriginal sites or objects have been registered in the vicinity of the Tenements, as there is no obligation under the relevant legislation to register sites or objects. Furthermore, the exact location of Aboriginal sites cannot be ascertained from these searches.

The Company must ensure that it does not breach the Commonwealth, Western Australian, or Northern Territory legislation relating to Aboriginal heritage as set out below. To ensure that it does not contravene such legislation, the Company would need to conduct heritage surveys to determine if any Aboriginal areas or objects exist within the area of the Tenements. Any interference with these sites must be in strict conformity with the provisions of the relevant legislation. It may also be necessary for the Company to enter into separate arrangements with the traditional owners of the sites.

7.2 COMMONWEALTH HERITAGE LEGISLATION

The Aboriginal and Torres Strait Islander Heritage Protection Act 1984 (Cth) (**Commonwealth Heritage Act**) is aimed at the preservation and protection of any Aboriginal areas and objects that may be located on the Tenements.

Under the Commonwealth Heritage Act, the Minister for Aboriginal Affairs may make interim or permanent declarations of preservation in relation to significant Aboriginal areas or objects, which have the potential to halt exploration activities. Compensation is payable by the Minister for Aboriginal Affairs to a person who is, or is likely to be, affected by a permanent declaration of preservation.

It is an offence to contravene a declaration made under the Commonwealth Heritage Act.

7.3 WA HERITAGE LEGISLATION

Tenements are granted subject to a condition requiring observance of the Aboriginal Heritage Act 1972 (WA) (**WA Heritage Act**).

The WA Heritage Act makes it an offence to alter or damage sacred ritual or ceremonial Aboriginal sites and areas of significance to Aboriginal persons.

The Minister's consent is required where any use of land is likely to result in the excavation, alteration or damage to an Aboriginal site or any objects on or under that site.

Aboriginal sites may be registered under the WA Heritage Act. However, there is no requirement for a site to be registered and the WA Heritage Act protects all registered and unregistered sites.

7.4 NT HERITAGE LEGISLATION

It is an offence under Sections 33, 34 and 39 of the Heritage Conservation Act 1991 (NT) (**NT Heritage Act**) to carry out work on or damage a heritage place or heritage object, or place or object subject to an interim conservation order including archaeological places and objects (collectively refer to as "archaeological sites"), without consent.

"Heritage places" and "heritage objects" are places and objects that have been declared to be such pursuant to Section 26 of the NT Heritage Act. Broadly, an "archaeological place" includes a place pertaining to the past occupation by Aboriginal or Macassan people that has been modified by the activity of such people and in or on which the evidence of such activity exists (Section 4 NT Heritage Act). An "archaeological object" generally includes a relic pertaining to the past occupation by Aboriginal or Macassan people of any part of Australia which is now in the Northern Territory (Section 4, NT Heritage Act).

The Northern Territory Aboriginal Sacred Sites Act (NT) (**NT Sacred Sites Act**) also applies to the NT Tenements. It is an offence under Part IV of the NT Sacred Sites Act to enter onto, work on or desecrate a sacred site other than in accordance with the NT Sacred Sites Act.

The Company should conduct searches of the Register maintained by the Northern Territory Heritage Advisory Council and the Register of Sacred Sites maintained by the Aboriginal Areas Protection Authority prior to commencement of exploration operations to ensure that no breaches of the NT Heritage Act or the NT Sacred Sites Act occur.

8. ABORIGINAL LAND

Aboriginal land rights in the Northern Territory are governed by either the Aboriginal Land Rights (Northern Territory) Act 1976 (Cth) (**ALRA**) or the Native Title Act 1993 (Cth) (**NTA**), depending on the nature of the land.

The ALRA applies to land which is held as freehold land by a Land Trust established under the ALRA (**Aboriginal Freehold Land**).

Section 4 of the Aboriginal Land Act (NT) applies to all Aboriginal Freehold Land and requires the explorer to acquire a permit to enter onto Aboriginal Freehold Land. Permits can be obtained from the relevant Land Council and access to Aboriginal Freehold Land issues are generally dealt with by the exploration agreement with the relevant Land Council.

Section 233(3) of the NTA provides that an act affecting land or waters held by or for the benefit of Aboriginal peoples under the ALRA is not an act regulated by the NTA. Accordingly, the NTA does not apply to Aboriginal Freehold Land. The NTA applies to land in the Northern Territory in which native title rights and interests exist. This may include pastoral lease land (**Pastoral Land**).

9. NATIVE TITLE

9.1 NATIVE TITLE CLAIMS

Persons claiming to hold native title over land the subject of the Tenements may lodge an application for determination of native title with the Federal Court. The Court will then refer the application to the Native Title Registrar for the registration test.

If the Native Title Registrar is satisfied that the lodged claim meets the registration requirements set out in the NTA (**Registration Test**), it will be entered on the Register of Native Title Claims (**Register**) maintained by the National Native Title Tribunal (**NNTT**). Claimants of registered claims are afforded certain procedural rights under the NTA including the "right to negotiate".

Claims which fail to meet the Registration Test are recorded on the Schedule of Applications Received. Such claims may be entered on the Register at a later date if additional information is provided by the claimant that satisfies the Registration Test. If a claim fails to meet the Registration Test, this only means that the native title claimants do not have access to the right to negotiate under the NTA. It does not mean that the claim has been dismissed or discontinued. An unregistered claim must still be heard and determined by the Federal Court.

All of the NT Tenements relate to land which is currently the subject of one or more registered or unregistered native title claims. These claims are identified in Part I of the Schedule and elaborated in Part II of the Schedule. The fact that a claim has been lodged does not necessarily mean that native title exists over the area claimed, nor does the absence of a claim necessarily indicate that native title does not exist over that area.

As shown in Part I of the Schedule, none of the WA Tenements relate to land which is currently the subject of a native title claim.

We have not undertaken the considerable historical, anthropological and ethnographic work that would be required to determine the likelihood that existing claims may be successful, or the possibility of any further native title claims being made in the future.

In any event, the existence of native title is not the main issue for the Company as the holder of an interest in the Tenements. The main issue is the existence of a registered native title claim which effectively requires the Company to observe the provisions of the NTA in proceeding with its applications for Tenements. The reason for this is that an act which affects native title rights such as the grant of a mining tenement may be invalid unless there has been compliance with the provisions of the NTA. Until the native title claim has been determined by the Federal Court the existence of native title will be uncertain. Prudence dictates that native title should be assumed to exist over all claimed land other than freehold, private land, "exclusive possession" leasehold or vested reserve until the claim has been determined.

9.2 NATIVE TITLE – VALIDITY OF TITLESS

(a) Tenements granted before 1 January 1994

The grant before 1 January 1994 of mining tenements over land other than freehold, private land, "exclusive possession" leasehold or vested reserve is an act that is capable of affecting native title and could have been invalid under the RDA. However, the NTA has validated any such mining tenements.

To the extent that any tenements located in the Northern Territory and granted prior to 1 January 1994 may have been invalid by reason of native title and the operation of the RDA, those tenements were validated by the Validation (Native Title) Act 1994 (NT), enacted pursuant to Section 19 of the NTA.

There are no Tenements granted before 1 January 1994.

(b) Tenements granted since January 1994

Mining tenements granted since January 1994 may be invalid if they were granted over land other than freehold, private land, "exclusive possession" leasehold or vested reserve and the applicable processes prescribed by the NTA were not complied with.

The following WA Tenements have been granted since January 1994:

HOLDER	TENEMENT
Desert Fox	E39/0981, E39/0982, E39/0985, E39/1064, E39/1229, E39/1518, E39/1519, E39/1520, E39/1521
A1 Minerals	E39/1467, E39/1472, E39/1473, E39/1474, E39/1475, E39/1476, E39/1492

On the basis that the procedural requirements of the NTA were complied with prior to their grant, each of those WA Tenements is valid so far as native title is concerned.

No NT Tenements have been granted at the date of this report.

(c) Future Tenement Grants

The valid grant of any of the current applications for Tenements which may affect native title requires compliance with the provisions of the NTA.

The NTA regulates all future actions (such as the grant of a mining tenement) which affect native title rights. These actions are known as "future acts". A future act will be valid if it falls within one of a number of categories of land dealings specified in the NTA provided that there is compliance with the applicable procedural requirements: NTA Part 2, Division 3, Subdivisions B-P.

Accordingly, if the grant of any of the current applications for Tenements situated on Pastoral Land affects native title, the grant will be a future act and will be valid only if there has been compliance with the relevant requirements of the NTA. In order to determine whether the grant of any of the current applications will affect native title, a determination must be made as to whether the native title exists in the area. This will require a hearing by the Federal Court (or a consent determination) as to the existence of native title, which could take years. However, in the interim, the validity of the grant of the current applications for Tenements can be assured if the State or Territory and the applicants for the Tenements comply with the requirements of the NTA on the assumption that native title does in fact exist in the area.

These requirements are known as the "right to negotiate procedures". They are contained in Part 2 Division 3 Subdivision P of the NTA. They involve the notification and advertising of a proposed grant, negotiation by the State or Territory and the tenement applicant with any registered native title claimants and, if agreement cannot be reached, determination by the National Native Title Tribunal.

In the case of low impact mining tenements, the State or Territory may nominate that the NTA expedited procedure applies. If the registered native title claimants do not object to the expedited procedure within four months after receiving notification of the proposed act, the grant may proceed. If they do object and the objection is upheld by the National Native Title Tribunal, the right to negotiate procedure applies.

Tenements may also be validly granted under an Indigenous Land Use Agreement (Subdivisions B, C and D of the NTA) which must be entered into with all the registered native title claimants for the area and registered under the NTA.

The following WA and NT Tenements are current applications:

APPLICANT	TENEMENT
Desert Fox	ELA39/1549, ELA39/1565, ELA 39/1572
Geotech International/James Stewart	ELA27732
Blue Thunder	ELA28016, ELA 28017

10. ABORIGINAL LAND RIGHTS ACT (ALRA)

10.1 CONSENT PROCESS UNDER THE ALRA

Part IV of the ALRA sets out the legislative scheme for mining on Aboriginal Freehold Land. As noted above, the NTA does not apply to acts affecting Aboriginal Freehold Land.

Before an exploration licence application can be processed under the provisions of the ALRA, the Northern Territory Minister for Primary Industry, Fisheries and Resources (**NT Mining Minister**) must first give consent to the applicant to enter into negotiations with the relevant Land Council for its consent to the grant of the relevant exploration licence ("consent to negotiate") (Section 137(1)(b) NT Mining Act).

Section 40 of the ALRA then provides that an exploration licence shall not be granted to a person in respect of Aboriginal Freehold Land unless:

(a) the relevant Land Council gives consent to the grant of the licence under Section 42(1) of the ALRA;

(b) the Federal Minister for Families, Housing, Community Services and Indigenous Affairs (**Federal Indigenous Affairs Minister**) gives consent to the grant of the licence under Section 42(8) of the ALRA; and

(c) the Land Council and the applicant have entered into an agreement under Part IV of the ALRA regarding the terms and conditions to which the grant of the exploration licences will be subject.

After the NT Mining Minister has granted "consent to negotiate" under the NT Mining Act, the applicant must submit an application in writing to the relevant Land Council for consent to the grant of the licence within three months.

The Land Council must notify the applicant of its decision on whether or not to grant consent to the grant of the exploration licence before the expiry of the 22 month period commencing on 1 January in the calendar year after the calendar year in which the application is received by the Land Council (**Negotiating Period**). The applicant and the Land Council may agree in writing to extend the Negotiating Period by a further two years and thereafter for further periods of 12 months, subject to the approval of the Federal Indigenous Affairs Minister.

Where a Land Council refuses an application for consent on the advice of traditional owners, and the applicant does not resubmit its application, or agreement cannot be reached between the parties within the Negotiating Period, the ALRA provides that the land the subject of the exploration licence application be placed in moratorium for a five year period. During this moratorium period, no person may apply for an exploration licence in respect of that land. The applicant may retain the right to re-apply for an exploration licence over the land at the end of this five year period.

10.2 GRANTED TENEMENTS

No NT Tenements have been granted therefore no NT Tenements have been granted over Aboriginal Freehold Land and are subject to an Aboriginal Land Rights Agreement.

10.3 TENEMENT APPLICATIONS

None of the NT Tenements which are currently applications are situated on Aboriginal Freehold Land.

11. URANIUM MINING – AUSTRALIAN GOVERNMENT REGULATION AND POLICY

The Company's Northern Territory Projects involve exploration for uranium.

Uranium mining is subject to extensive regulation by State and Federal governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. Compliance with such laws and regulations will increase the time to obtain necessary regulatory approvals and increase costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

Pursuant to the Atomic Energy Act 1953 (Cth) and the Northern Territory Self-Government) Regulations 1978 (Cth) the Commonwealth has reserved its powers on uranium mining in the Northern Territory. The NT Mining Act requires that the Northern Territory Minister for Mines must consult with the Commonwealth Minister for Industry, Tourism and Resources before granting a mining title that relates to uranium, and must act in accordance with any advice that the Commonwealth Minister provides.

The Federal Government currently permits the mining and export of uranium under strict international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries which undertake to use it for peaceful purposes. The Federal Government cannot override State Government policy on this issue.

We do not express any opinion on the current or future policy of either the state or federal governments having jurisdiction over the Tenements.

12. QUALIFICATIONS

While the status of the Tenements is dealt with in the Schedule, we point out, by way of summary, that:

(a) we have assumed the accuracy and completeness of all tenement searches and other information or responses which were obtained from the relevant department or authority. We cannot comment on any obligations of the Company that may arise from agreements that are not registered as a dealing, encumbrance or otherwise noted on the searches of the Tenements, except to the extent that the Company has provided us with such unregistered agreements. To the extent that such unregistered interests have been provided to us, we have dealt with them in this report;

(b) with respect to the Tenements, we have assumed the accuracy and completeness of the information which we have received from the various departments;

(c) with respect to any ILUAs affecting the Tenements, other than as expressly stated otherwise, we have relied on the extracts which we have received from the National Native Title Tribunal (Extracts). Due to the recent filing and confidentiality of the ILUAs, we have reviewed only the Extracts (not the entire ILUAs). Therefore commentary in relation to the ILUAs is contained only to such information available in the Extracts;

(d) the holding of the Tenements is subject to compliance with the terms and conditions and the provisions of the applicable state mining legislation;

(e) we have assumed the accuracy and completeness of any instructions or information which we have received from the Company or any of its officers, agents and representatives;

(f) with respect to any application for the grant of a Tenement, we express no opinion as to whether such application will ultimately be granted and that reasonable conditions will be imposed upon grant, although we have no reason to believe that any application will be refused or that unreasonable conditions will be imposed;

(g) where compliance with the requirements necessary to maintain a Tenement in good standing is not disclosed on the face of the searches referred to in this report, we express no opinion on such compliance;

(h) references in the Schedule to any area of land are taken from details shown on searches obtained from the relevant department. It is not possible to verify the accuracy of those areas without conducting a survey;

(i) where Ministerial consent to any agreement or dealing referred to in Part III of the Schedule is being or will be sought, we express no opinion as to whether such consent will be granted, or the consequences of consent being refused, although we have no reason to believe that any application for consent will be refused; and

(j) the information in the Schedule is accurate as at the date the relevant searches were obtained. We cannot comment on whether any changes have occurred in respect of the Tenements between the date of the searches and the date of the Prospectus.

13. CONSENT

This report is given solely for the benefit of the Company and the directors of the Company in connection with the issue of the Prospectus and is not to be relied on or disclosed to any other person or used for any other purpose or quoted or referred to in any public document or filed with any government body or other person without our prior consent.

Yours faithfully

Steinepreis Paganin

STEINEPREIS PAGANIN

PART I

TENEMENT SCHEDULE

WESTERN AUSTRALIAN TENEMENTS

TENEMENT	HOLDER / APPLICANT	INTEREST	GRANT DATE (APPL. DATE)	EXPIRY DATE	AREA SIZE	ANNUAL RENT (CURRENT RENTAL YEAR)	MINIMUM ANNUAL EXPENDITURE	ENCUMBRANCES/ DEALINGS	NOTES	NATIVE TITLE CLAIMS
E39/0981	Desert Fox	100%	02/08/04	01/08/2011	18 blocks	paid in full	$50,000	Caveat 339004 lodged by A1 Minerals Limited on 20/01/10 over100%	1-5, 12	-
E39/0982	Desert Fox	100%	02/08/04	01/08/2011	18 blocks	paid in full	$50,000	Caveat 339005 lodged by A1 Minerals Limited on 20/01/10 over100%	1-5, 12	-
E39/0985	Desert Fox	100%	02/08/04	01/08/2011	13 blocks	paid in full	$50,000	Caveat 339006 lodged by A1 Minerals Limited on 20/01/10 over 100%	1-6, 12	-
E39/1064	Desert Fox	100%	02/08/04	01/08/2011	18 blocks	paid in full	$50,000	Caveat 339007 lodged by A1 Minerals Limited on 20/01/10 over100%	1-5, 7, 8, 9, 12	-
E39/1229	Desert Fox	100%	09/11/07	08/11/12	87 blocks	paid in full	$87,000	Caveat 339008 lodged by A1 Minerals Limited on 20/01/10 over 100%	1-5, 10, 11, 12	-
E39/1467	A1 Minerals	100%	13/01/10	12/01/15	11 blocks	paid in full	$20,000		1-5,10,11	-
E39/1472	A1 Minerals	100%	14/01/10	13/01/15	14 blocks	paid in full	$20,000	-	1-5,10,11	-
E39/1473	A1 Minerals	100%	14/01/10	13/01/15	1 block	paid in full	$10,000	-	1-5,10,11	-
E39/1474	A1 Minerals	100%	14/01/10	13/01/15	5 blocks	paid in full	$15,000	-	1-5,10,11	-
E39/1475	A1 Minerals	100%	14/01/10	13/01/15	2 blocks	paid in full	$15,000	-	1-5,10,11	-
E39/1476	A1 Minerals	100%	14/01/10	13/01/15	11 blocks	paid in full	$20,000	-	1-5,10,11	-
E39/1492	A1 Minerals	100%	16/04/10	15/04/15	8 blocks	paid in full	$20,000	-	1-5,10	-
E39/1518	Desert Fox	100%	23/06/10	22/06/15	59 blocks	paid in full	$59,000	-	1-5,10	-
E39/1519	Desert Fox	100%	23/06/10	22/06/15	1 block	paid in full	$10,000	-	1-5,10	-
E39/1520	Desert Fox	100%	23/06/10	22/06/15	27 blocks	paid in full	$27,000	-	1-5,10	-
E39/1521	Desert Fox	100%	23/06/10	22/06/15	58 blocks	paid in full	$58,000	-	1-5,10	-
ELA39/1549	Desert Fox	100%	(03/02/10)	-	37 blocks	-	-	-	-	-
ELA39/1565	Desert Fox	100%	(09/04/10)	-	66 blocks	-	-	-	-	-
ELA39/1572	Desert Fox	100%	(13/05/10)	-	23 blocks	-	-	-	-	-

NOTES

1. The Licensee's attention is drawn to the provisions of the Aboriginal Heritage Act 1972.
2. All surface holes drilled for the prepose of exploration are to be caped, filled or otherwise made safe after completion.
3. All costeans and other disturbances to the surface of the land made as a result of exploration, including drill pads, grid lines and access tracks, being back filled and rehabilitated to the satisfaction of the Environmental Officer, Department of Industry Resources (DoIR). Backfilling and rehabilitation being required no later than 6 months after excavation unless otherwise approved in writing by the Environmental Officer, DoIR.
4. All waste materials, rubbish, plastic sample bags, abandoned equipment and temporary buildings being removed from the mining tenement prior to or at the termination of exploration program.
5. Unless the written approval of the Environmental Officer, DoIR is first obtained, the use of scrapers, graters, bulldozers, backhoes or other mechanised equipment surface disturbance or the excavation of costeans is prohibited. Following approval, all top soil being removed ahead of mining operations and separately stockpiled for replacement after backfilling and/or completion of operations.
6. The grant of this licence does not include the land the subject of prior Exploration Licence 39/851. If the prior licence expires, is surrendered or foresighted that land may be included in this licence, subject to the provisions of the Third Schedule of the Mining Regulations 1981 titled "Transitional Provisions relating to Geocentric Datum of Australia". Exploration Licence 39/851 was surrendered and the entire area of that licence has now become the subject of Exploration Licence 39/985.
7. The construction and operation of the project and measures to protect the environment being carried out generally in accordance with the document titled; "Programme of Works for EXP2022 on Exploration Licences 39/1064 and 39/1177" dated 29 July 2008 signed by Nigel Maund and retained on Department of Industry and Resources file no. T4647/200501. "Exploration Rehabilitation Reports – E39/1064, E39/1177 and E28/1596 for EXP20022" dated 30 January 2009 signed by Ross Brown – Managing Director Oklo Uranium Limited and retained on Department of Mines Petroleum File no. T4647/200501. Where a difference exists between the above documents in the following conditions shall prevail.
8. The development and Operation of the project being carried out in such as manner as so to create the minimum practical disturbance to the existing vegetation and natural land form.
9. All top soil being removed ahead of mining operations from sites such picked areas, waste disposal areas ore stockpile areas, Park line, Hall road and new access roads and being stockpiled for later re spread or immediately re spread as rehabilitation progresses.
10. The Licensee's attention is drawn to the Environmental Protection Act 1986, Environmental Protection (Clearing of Native Vegetation) regulations 2004, which provides for the protection of all native vegetation from damage unless prior permission is obtained.
11. In respect to the area outlined in "red" and designated FNA7835 in TENGRAPH (Former Wongatha Native Title Claim WC99/01) the following condition shall apply: if the Central Desert Native Tile Services (DNNTS) sends a request by pre paid post to the Licensees address within 90 days after the grant of the Licence, the Licensee shall within 30 days of the request execute in favour of the CDNTS the revised CDNTS Wongatha Interim Standard Heritage Agreement.
12. In respect of the Caveat, please refer to Part III Section B. The Caveat has been lodged by A1 to protect its interests under the Royalty Deed.

TENEMENT SCHEDULE

NORTHERN TERRITORY

TENEMENT	HOLDER / APPLICANT	INTEREST	GRANT DATE (APPL. DATE)	EXPIRY DATE	AREA SIZE	ANNUAL RENT (NEXT RENTAL YEAR)	MINIMUM ANNUAL EXPENDITURE	ENCUMBRANCES/ DEALINGS	NOTES	NATIVE TITLE CLAIMS
ELA27732	Geotech International	50%	(21/10/09)	-	25 sub blocks	($275)	($37,000)	-	-	-
	James Stewart	50%								
ELA28016	Blue Thunder	100%	(31/03/2010)	-	254 sub blocks	($2,794)	($100,000)	-	-	DC01/28 DC07/1
ELA28017	Blue Thunder	100%	(31/03/2010)	-	58 sub blocks	($638)	($125,000)	-	-	DC07/1 DC01/23 DI2008/004 DI2007/004

KEY TO TENEMENT SCHEDULE

E – Exploration Licence

ELA – means Exploration Licence Application

All of the native title claims listed in the Schedule have been accepted and entered on the Register of Native Title Claims. Please refer to Part II of this Report for the status of the native title claims.

Unless otherwise indicated, capitalised terms have the same meaning given to them in the Prospectus.

References to numbers in the "Notes" column refers to the notes following this table.

PART II

STATUS OF NATIVE TITLE CLAIMS

TRIBUNAL NUMBER	FEDERAL COURT NUMBER	APPLICATION NAME	STATUS	RNTC STATUS	IN MEDIATION
DC01/28	NTD6021/01	Fish River	Active	Registered	No
DC07/1	NTD8/07	Tipperary (KAMU)	Active	Not registered	No
DC01/23	NTD6023/01	Douglas North	Active	Registered	No

DETAILS OF INDIGENOUS LAND USE AGREEMENTS (ILUAS)

TRIBUNAL NUMBER	NAME	Registration date
DI2008/004	BGP & Northern Land Council Indigenous Land Use Agreement	5 March 2009
DI2007/004	BGP Douglas North Indigenous Land Use Agreement	5 March 2009

PART III

MATERIAL CONTRACT SUMMARIES

A. Sale Agreement

On 5 November 2009, the Company, Desert Fox and A1 Minerals entered into a sale agreement pursuant to which A1 agreed to sell and Desert Fox agreed to purchase the following WA Tenements: E39/0981, E39/0982, E39/0985, E39/1064, E39/1229, E39/1472, E39/1473, E39/1474, E39/1475 and E39/1476 (**Tenements**) (**Sale Agreement**). The Company entered into the Sale Agreement to guarantee Desert Fox's observance of its obligations, and to indemnify A1 Minerals for any loss arising from the default by Desert Fox, under the Sale Agreement.

Settlement of the Sale Agreement took place on 6 November 2009, following which all granted Tenements were transferred to and registered in the name of Desert Fox. The Tenements that were still applications (**Applications**) at the date of Settlement remained in the name of A1 Minerals. At settlement of the Sale Agreement, A1 Minerals provided an executed a transfer for each of those Tenement applications in favour of Desert Fox which will enable Desert Fox to become the registered holder of those Tenements upon their grant. Our searches show that those Applications were granted on 14 January 2010. In accordance with clause 6.1 of the Sale Agreement, all rights attached to the Tenements the subject of the Applications are being held on trust for Desert Fox until such time as the Tenements are registered in the name of Desert Fox; such registration being subject to the Minister's consent under Section 64 of the Mining Act 1978 (WA) (**WA Mining Act**).

On 13 January 2010, A1 Minerals became the registered holder of WA Tenement, E39/1467 and on 16 April 2010, A1 Minerals became the registered holder of WA Tenement, E39/1492 (together, the **Additional WA Tenements**). On 15 June 2010, the parties entered into a deed pursuant to which Desert Fox has agreed to purchase the Additional WA Tenements from A1 Minerals for nil cash consideration and the parties have agreed to vary the Sale Agreement to include the Additional WA Tenements.

B. Royalty Deed

On 5 November 2009 Desert Fox, St George Mining Limited and A1 Minerals (together, the **Parties**), entered into a minerals royalty deed (**Royalty Deed**) in connection with the Sale Agreement, pursuant to which Desert Fox has agreed to pay A1 Minerals a royalty on all ore, concentrates and other products extruded from the WA Tenements the subject of the Sale Agreement (now also including the Additional WA Tenements) (listed above) and sold or otherwise disposed of (**Royalty**).

By way of a side deed also dated 5 November 2009, St George guaranteed to A1 Minerals the performance of Desert Fox's obligations under the Royalty Deed. St George will indemnify A1 Minerals from any claim, loss or damage suffered by A1 Minerals as a result of any default by Desert Fox.

(**Royalty obligation**): From the date on which extraction and recovery of any product from the Tenements (**Product**) commence, Desert Fox agrees to pay to A1 Minerals the Royalty every quarter of the financial year (**Quarter**).

(**Calculation and payment of royalty**): Within 30 days of the end of each Quarter, Desert Fox must calculate the Royalty payable and pay to A1 Minerals that Royalty.

The Royalty will be calculated by multiplying the proceeds received from the sale or other disposal of the Products, less all costs paid or incurred in relation to the sale of the Products, by 2%.

Desert Fox will be required to deduct any tax, duty, levy, impost, deduction charge or withholding from the payment of the Royalty.

(**Interest and costs**): If Desert Fox fails to pay the Royalty on or before the due date, then Desert Fox must also pay to A1 Minerals interest on the amount due from the due date up to and including the date on which the Royalty is actually paid. Interest is calculated on a daily basis, compounded with monthly interest rates.

All costs and expenses incurred by Desert Fox in relation to late payment will be borne by Desert Fox.

The rate of interest charged on the late Royalty is the average bid rate for bills (as defined in the Bills of Exchange Act 1909 (Cth)) plus 2%.

(**Royalty a continuing obligation**): Desert Fox's obligation to pay the Royalty will continue for the full term of the relevant Tenement.

(**Royalty on material not sold**): If Desert Fox produces and disposes of products from the tenements for which revenue is not derived, the Parties must agree on a procedure for calculating the Royalty payable by Desert Fox to A1 Minerals.

(**Sale of interest by A1 Minerals**): If A1 Minerals wishes to sell, assign, transfer or otherwise dispose of the whole or part of its rights under the Royalty Deed (**Available Interest**), other than to a related body corporate, A1 Minerals must first offer to sell the whole of the Available Interest to Desert Fox for cash consideration.

(**Caveat and Registration of interest in Royalty**): The Parties acknowledge that A1 Minerals may lodge a caveat under the WA Mining Act to protect its interests under the Royalty Deed (**Caveat**) and Desert Fox has consented to lodgement of the Caveats set out in Part I. Desert Fox has agreed that it will not take any steps to seek the removal of any Caveat lodged by A1 Minerals.

In the event that an interest in any Tenement is assigned to any person who is entitled to a benefit of an encumbrance (such as a mortgage, charge or other security) over the Tenement, the Royalty or a Party's rights under the Royalty Deed, A1 Minerals must withdraw its Caveat, subject to the assignee agreeing that the rights of A1Minerals to the Royalty take priority over the relevant encumbrance.

A1 Minerals must also withdraw the relevant Caveat in circumstances where Desert Fox has requested A1 Minerals to do so on the basis that the transfer or assignment is between Desert Fox and A1 Minerals, or where a particular dealing would not adversely affect A1 Minerals' interests under the Royalty Deed. A1 Minerals is entitled to re-lodge or lodge another Caveat immediately after the transfer or encumbrance is registered.

C. Option Agreement – ELA27732

On 23 June 2010, the Company entered into an option agreement with Geotech International and Mr James Stewart (together, the **Vendors**) pursuant to which the Company has been granted by the Vendors the option to acquire an 80% interest in NT Tenement ELA27732 (**Option**) (**Option Agreement**).

(**Option Fee, Bonus Payments and other Consideration**): Under the Option Agreement, the Company has paid an initial Option fee of $20,000. The initial Option period is 12 months from the grant of the ELA27732. The Company has the right to extend the Option for up to three (3) further 12 month periods, each for a fee of $60,000.

In the event that the Company is admitted to the Official List of the ASX, the Company is required to pay a one-off bonus payment of $60,000 to the Vendors.

Upon grant of ELA27732, the Company is required to pay the Vendors:

(a) a cash payment of $60,000; and

(b) 800,000 options to acquire Shares in the Company exercisable at $0.20 each at any time within 2 years from the date of their issue.

Upon exercise of the Option, the Company will purchase ELA27732 for a cash payment of $500,000 (**Option Fee**).

(**Joint Venture**): Upon the exercise of the Option, the Vendors and the Company will form an unincorporated joint venture for the purpose of exploring, developing, and if thought fit, mining the area the subject of ELA27732 (Joint Venture).

The Company's initial interest in the Joint Venture will be 80%. The Joint Venture interest of the Vendors (20%) will be free carried until such time when a decision to mine is made following completion of a bankable feasibility study in relation to ELA27732 (**Decision to Mine**).

On and from the Parties making a Decision to Mine, the Vendor's will be required to contribute to expenditure in accordance with its 20% Joint Venture interest and if the Vendors fail to make the required payments, their Joint Venture Interest will be diluted. If the Vendors' Joint Venture interest dilutes to less than 5%, the interest will convert to a net smelter royalty of 2% and the Company will become the owner of a 100% interest in ELA27732.

The parties also agree that any tenements in a defined extended area surrounding ELA27732 that may be acquired by the parties will be transferred to the Joint Venture.

(**Termination**): If the Company does not receive conditional approval for admission to the Official List of the ASX by the date which is 6 months after execution of the Option Agreement, the Vendors have the right to terminate the Option Agreement by notice in writing to the Company. Any payments made by the Company on the date of termination will not be refundable.

The Company is entitled to withdraw from the Option Agreement at any time during the Option period. However, withdrawal will not be permitted within 2 months of an anniversary date of ELA27732 until the minimum annual expenditure payment has been made by the Company.

D. Deed – ELA28016 and ELA28017

On 23 June 2010, the parties to the Option Agreement also entered into a deed in respect of ELA28016 and ELA28017 (**Additional NT Tenements**), of which Blue Thunder is the registered applicant (**Additional NT Tenements Deed**). A 20% interest in the Additional NT Tenements is held for the benefit of the Vendors and the tenements will be transferred to the Joint Venture, if it is formed.

Under the Additional NT Tenements Deed, the parties acknowledge and agree that:

(b) if the Option under the Option Agreement is not exercised so that no Joint Venture is formed; and

(c) if Blue Thunder retains an ownership interest in at least one of the Additional NT Tenements (or part thereof) on the date which is 4 years after the grant date of that tenement (**End Date**) (each such Additional Tenement, a **Retained Tenement**),

then on the day immediately following the End Date:

(d) Blue Thunder will take all necessary action to transfer an undivided 20% interest in each Retained Tenement to the Vendors; and

(e) Blue Thunder will pay to the Vendors, in their respective proportions, a sum equal to the Option Fee under the Option Agreement; and

(f) the Vendors and Blue Thunder will from that point in time form an unincorporated joint venture upon terms substantially equivalent to the proposed Joint Venture, or such other terms as are agreed between the Vendors and Blue Thunder (acting reasonably) at that point in time given the relevant circumstances of the Retained Tenements.

The parties agree that if the Option Agreement is terminated without the Option having been exercised, then for the period of time that the Blue Thunder retains an ownership interest in at least one of the Additional NT Tenements (or part thereof) after termination of the Option Agreement, Blue Thunder must pay an extension fee as if the option period under the Option Agreement been extended in accordance with the Option Agreement (by payments of $60,000 for every 12 month extension). Any extension fee payable shall be paid at the time and in the manner that the extension fee would have been payable if the Option Agreement remained in effect and the Option Period was extended.

The parties also agree that if Blue Thunder surrenders any of the Additional NT Tenements or any part thereof (**Surrendered Ground**):

(a) it will provide 30 days written notice of the intended surrender to the Vendors with details of the proposed Surrendered Ground;

(b) If requested by the Vendors, Blue Thunder shall transfer to the Vendors all or part of the proposed Surrendered Ground at the sole cost of the Vendors (who will also solely bear any stamp duty or other taxes relating to the transfer);

(c) the Vendors may apply for an exploration licence or other rights in regard to the Surrendered Ground, and any such rights acquired by the Vendors shall not be classified as extended Joint Venture Area as defined in the Option Agreement; and

(d) Blue Thunder shall not be liable to the Vendors in any way in connection with the Surrendered Ground.

E. Wongatha Claim Group – Land Access Agreement

On 21 July 2004, A1 Minerals and a number of applicants and registered native title claimants for combined application for determination of native title federal court number WAG 6005/98 (WC 99/1) and WAG 6005/98 (**Wongatha Claim**) (the applicants together being the **Wongatha Claim Group** care of North East Independent Body Inc (NEIB)) entered into an agreement in relation to land access over the land comprising certain WA Tenements the subject of the Wongatha Claim (**Land Access Agreement**).

These certain WA Tenements include the Tenements the subject of the Sale Agreement and the Additional WA Tenements. On 21 May 2010, Desert Fox and A1 Minerals entered into an assumption deed pursuant to which Desert Fox (as the purchaser of the WA Tenements under the Sale Agreement) agreed with A1 Minerals to assume, observe and perform all the provisions of the Land Access Agreement as they pertain to the tenements in question (**Assumption Deed**). An equivalent assumption deed has been executed in respect of the Additional WA Tenements.

Under the Land Access Agreement the Wongatha Group has consented to the grant (in relation to applications as at the date of the Land Access Agreement), renewal or upgrading (in the case of an exploration licence) of the WA Tenements in question and any tenement granted after execution of the Land Access Agreement made by A1 Minerals within the area of land that the Wongatha Claim comprises. To that end, the Wongatha Group agreed to not do anything to challenge or adversely affect the grant or validity of the WA Tenements in question.

In consideration for the Wongatha Group entering into the Land Access Agreement, A1 Minerals made, or has agreed to make, a number of payments to NEIB. In accordance with the Assumption Deed, Desert Fox will be bound to make the following payments:

(a) on each anniversary of execution of the Land Access Agreement (being 21 July), a pro-rata proportion towards the $5,000 annual fee;

(b) in relation to mining on any mining leases granted within with 'laneway' (the area of land set out in the Land Access Agreement the subject of the Wongatha Claim), a payment of $1.50 per ounce of gold production;

(c) in the event that the Company is granted of an exploration licence wholly or partly outside the land covered by the WA Tenements in question but wholly or partly within the 'laneway', a payment of $2,000; and

(d) in the event that the Company is granted a mining lease wholly or partly outside the land covered by the WA Tenements but wholly or partly within the 'laneway', a payment of $10,000.

8.1 INTRODUCTION

An investment in the Company is not risk free and prospective new investors should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

8.2 ECONOMIC RISKS

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

(a) general economic outlook;

(b) interest rates and inflation rates;

(c) currency fluctuations;

(d) changes in investor sentiment toward particular market sectors;

(e) the demand for, and supply of, capital; and

(f) terrorism or other hostilities.

8.3 MARKET CONDITIONS

The market price of the Shares can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

8.4 EXPLORATION SUCCESS

The Tenements are at an early stage of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Tenements, or any other tenements that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its Tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Tenements, a reduction in the cash reserves of the Company and possible relinquishment of the Tenements.

The exploration costs of the Company described in the Independent Geologist's Report are based on certain assumptions with respect to the method and timing of exploration. By their nature, these estimates and assumptions are subject to significant uncertainties and, accordingly, the actual costs may materially differ from these estimates and assumptions. Accordingly, no assurance can be given that the cost estimates and the underlying assumptions will be realised in practice, which may materially and adversely affect the Company's viability.

8.5 OPERATING RISKS

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Having been incorporated on 19 October 2009, the Company does not have any significant operating history, although it should be noted that the Directors have between them significant operational experience. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its Tenements. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

8.6 EXPLORATION TARGETS AND RESOURCE ESTIMATES

The Company has identified a number of exploration targets based on geological interpretations and data and historical drilling. Insufficient data however exists to provide certainty of the mineralisation. Whilst the Company intends to undertake additional exploratory work with the aim of defining a resource, no assurances can be given that additional exploration will result in the determination of a resource. Even if a resource is identified, no assurance can be provided that it can be economically extracted.

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

8.7 COMMODITY PRICE VOLATILITY AND EXCHANGE RATE RISKS

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

8.8 ENVIRONMENTAL RISKS

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

In this regard, the Department of Industry and Resources of Western Australia, from time to time, reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

8.9 INSURANCE RISKS

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

8.10 COMPETITION RISK

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

8.11 TITLE RISK AND NATIVE TITLE

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in the Tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

The Tenements extend over areas in which legitimate common law native title rights of indigenous Australians exist. The ability of the Company to gain access to its Tenements and to conduct exploration, development and mining operations remains subject to native title rights and the terms of registered native title agreements.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

8.12 URANIUM MINING

The Company will be exploring for uranium at is Pine Creek Property. Uranium mining in Australia is subject to extensive regulation by Commonwealth, State and Territory Governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. Accordingly, the approval processes for uranium mining are more rigorous than for the mining of other metals. Compliance with such laws and regulations will increase the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

The Federal Government currently permits the mining and export of uranium under strict international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries who undertake to use it for peaceful purposes.

Whilst the Company is not restricted from exploration and evaluation of its uranium deposits, the development of uranium deposits will be subject to the strict conditions outlined above. Future changes in governments, regulations and policies may have an adverse impact on the Company.

8.13 CONTRACT RISK

The Company's interest in the assets the subject of Pine Creek Property are the subject of contractual option and joint venture arrangements, the terms of which are fully described in the Solicitor's Report in section 7. Failure by other parties to comply with contractual obligations may adversely affect the interests of the Company.

8.14 ADDITIONAL REQUIREMENTS FOR CAPITAL

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings, and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

8.15 RELIANCE ON KEY MANAGEMENT

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

8.16 INVESTMENT SPECULATIVE

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Shares offered under this Prospectus. Therefore, the Shares to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares pursuant to this Prospectus.

9.1 MATERIAL CONTRACTS - PROJECTS

The Company is a party to a number of material contracts relating to its Projects. Details regarding the Company's Projects are contained in Section 3 and the Independent Geologist Report in Section 5 of this Prospectus. The material contracts regarding the Company's Projects are summarised in the Solicitors' Report on Tenements contained Section 7. Investors should read the summaries of the material contracts carefully and in conjunction with the rest of the Prospectus.

9.2 EXECUTIVE SERVICES AGREEMENT – JOHN PRINEAS

The Company has entered into an executive services agreement with Mr John Prineas under which Mr Prineas will serve the Company as Executive Chairman.

Mr Prineas will be employed for a term of 3 years commencing on 1 June 2010. The term may be extended for a further term of 2 years at the election of the Company. Mr Prineas may elect to extend the contract for a further 2 years if he notifies the Company more than six months prior to the expiry of the initial term.

The agreement provides that Mr Prineas will not be paid a salary by the Company until the Company is admitted to the Official List. Thereafter, Mr Prineas will be paid a salary of $180,000 per year. The Company may at any time pay Mr Prineas a performance-based bonus over and above the salary.

The agreement may be terminated by the Company by giving Mr Prineas:

(a) 1 months written notice and making payment of 6 months salary after the expiry of the 1 months notice period;

(b) not less than 6 months written notice if Mr Prineas becomes incapacitated or of unsound mind;

(c) 1 months written notice if Mr Prineas:

(i) commits any serious or persistent breach of the agreement and fails to remedy those breaches within 30 days; or
(ii) commits any gross misconduct.

If Mr Prineas is convicted of a major criminal offence the Company may terminate the agreement immediately without the requirement to pay any salary other than that accrued.
Mr Prineas may terminate the agreement:

(a) if the Company, at any time, commits any serious or persistent breach of the agreement and fails to remedy that breach within 30 days; or

(b) by giving 3 months written notice to the Company.

Mr Prineas may also terminate the agreement within 1 month following a material diminution in the responsibilities or powers assigned to him. To do so, Mr Prineas must give 1 months notice. On the expiration of that notice the Company will be required to pay Mr Prineas the equivalent of 6 months salary.

The agreement contains other terms and conditions customary for an agreement of this nature.

9.3 CONSULTANCY AGREEMENT – TIM HRONSKY

The Company has entered into a consultancy agreement with Essential Risk Solutions Ltd (ERS) and Mr Tim Hronsky. The Company has agreed to appoint ERS as consultant to the Company (Engagement). Mr Hronsky will serve the Company as technical director and will perform the services as set out in the agreement on behalf of the consultant.

The Engagement will be for a term of 3 years commencing on 1 June 2010. The Company and ERS may agree to extend the term by mutual written agreement.

The Company will pay ERS a consulting fee of $7,500 per month for the period up to the Company being admitted to the Official List. Thereafter the Company will pay ERS $15,000 per month. ERS is entitled to an additional payment of $60,000 within 30 days of the Company being admitted to the Official List.

In addition to the fee ERS may, at the discretion of the Board, be granted executive options as an incentive to provide ongoing services and commitment to the Company. Subject to the discretion of the Board, if ERS or Mr Hronsky terminates the Engagement before the expiry of the term, any outstanding executive options which have not vested will immediately lapse.

The Engagement may be terminated by the Company by giving 1 months notice or by making payment of 1 month's fee in lieu thereof:

(a) if ERS experiences any insolvency event;

(b) if ERS or Mr Hronsky are convicted of a major criminal offence;

(c) if ERS or Mr Hronsky commits any serious or persistent breach of the agreement and fails to remedy those breaches within 28 days;

(d) if ERS or Mr Hronksy commits any gross misconduct; or

(e) Mr Hronksy becomes of unsound mind.

The Company may also terminate the Engagement by;

(a) giving 1 month written notice and at the end of that notice period pay ERS the equivalent of 6 months fees; or

(b) giving notice immediately and making payment to ERS equal to the equivalent of 6 months of fees.

ERS may terminate the Engagement by giving 3 months written notice. In such circumstances the Company may elect to terminate the engagement immediately and pay ERS three months fees.

In the event that Mr Hronsky is terminated as Technical Director (other than in the circumstances outlined above) ERS may terminate the Engagement immediately. The Company must pay ERS the fee that would otherwise be payable to ERS over a 6 month period.

ERS may terminate the agreement within 1 month following a material diminution in the responsibilities or powers assigned to Mr Hronsky. To do so ERS must give 1 months notice. On the expiration of that notice the Company will be required to pay ERS the equivalent of fees payable in a 6 month period.

The agreement contains other terms and conditions customary for an agreement of this nature.

9.4 INDIGENOUS AGREEMENT – EAST LAVERTON TENEMENTS

The Company has entered into an assumption deed in relation to its East Laverton Tenements, under which it has assumed certain rights and obligations under an agreement with an indigenous group in relation to those tenements. Further details are set out in the Solicitor's Report on Tenements in Section 7.

10.1 RIGHTS ATTACHING TO SECURITIES

10.1.1 ORDINARY SHARES

The rights, privileges and restrictions attaching to Shares can be summarised as follows:

(a) General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

(i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend Rights

Subject to the rights of persons (if any) entitled to shares with special rights to dividend the Directors may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by the Company to the shareholders of such a dividend. The Directors may authorise the payment or crediting by the Company to the shareholders of such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to the rights of persons (if any) entitled to shares with special rights as to dividend all dividends are to be declared and paid according to the amounts paid or credited as paid on the shares in respect of which the dividend is paid. Interest may not be paid by the Company in respect of any dividend, whether final or interim.

(d) Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution of the Company, divide among the shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of the Company, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability. Where an order is made for the winding up of the Company or it is resolved by special resolution to wind up the Company, then on a distribution of assets to members, shares classified by ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other shares.

(e) Transfer of Shares

Generally, shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) Variation of Rights

Pursuant to Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

10.1.2 PERFORMANCE SHARES

There are 100 Performance Shares (convertible into a maximum of 10,000,000 Shares) on issue at the date of this Prospectus having the terms and conditions set out below:

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 if conversion.

55 Performance shares are held by entities associated with the Directors (refer to section 10.3). The remaining Performance shares are held by foundation shareholders, whose interest in the Company are as follows:

FOUNDATION SHAREHOLDER	SHARES	PERFORMANCE SHARES[1]
Impulzive Pty Ltd <Dawson Superannuation 4/c>	6,962,491	30
St Barnabas Investments Pty Ltd <St Barnabas Superannuation Fund>	2,222,222	15

NOTE 1: ON SATISFACTION OF CERTAIN MILESTONE EVENTS SET OUT ABOVE, EACH PERFORMANCE SHARE CONVERTS INTO 100,000 SHARES IN WHICH CASE IMPULZIVE PTY LTD <DAWSON SUPERANNUATION 4/C> WOULD BECOME ENTITLED TO 3,000,000 FURTHER SHARES AND ST BARNABAS INVESTMENTS PTY LTD <ST BARNABAS SUPERANNUATION FUND> 1,500,000 FURTHER SHARES.

10.2 EMPLOYEE SHARE OPTION PLAN

The Company has adopted a Directors, Employees and Consultants Option Plan (Plan) to allow individuals to be granted options (**Employee Options**) to acquire Shares in the Company, the principal terms of which are summarised below.

Eligibility and Grant of Employee Options

The Board may grant the Employee Options to any director, employee or consultant of the Company selected by the Board. Employee Options may be granted by the Board at any time when there are no restrictions on dealing in the Shares.

Consideration

Each Employee Option issued under the Scheme will be issued free of charge.

Exercise Price

The exercise price for Employee Options granted under the Scheme will be fixed by the Board prior to the grant of the Employee Option. The minimum exercise price will not be less than any minimum price specified in the ASX Listing Rules.

Exercise Restrictions

The options granted under the Scheme may be subject to such other restrictions on exercise as may be fixed by the Directors prior to grant of the Employee Options including, without limitation, length of service by the employee and threshold prices at which Shares are traded on the ASX. Any restrictions so imposed by the Directors must be set out on the Employee Option certificate.

If a "Trigger Event" (defined below) occurs, then notwithstanding any rules of the Plan (including exercise restrictions) the directors may determine:

(a) that the Employee Options may be exercised at any time from the date of such determination, and in any number until the date determined by the Directors acting bona fide so as to permit the holder to participate in any change of control arising from a Trigger Event, provided that the Directors will forthwith advise in writing each holder of such determination. Thereafter, the Employee Options shall lapse to the extent they have not been exercised; or

(b) to use their reasonable endeavours to procure that an offer is made to holders of Employee Options on like terms (having regard to the nature and value of the Employee Options) to the terms proposed under the Trigger Event in which case the Directors shall determine an appropriate period during which the holder may elect to accept the offer and, if the holder has not so elected at the end of that period, the Options shall immediately become exercisable and if not exercised within 10 days, shall lapse.

A "Trigger Event" means:

(a) the despatch of a notice of meeting to consider a scheme of arrangement between the Company and its creditors or members or any class thereof pursuant to section 411 of the Corporations Act;

(b) the announcement of a takeover bid or receipt by the Company of a bidder's statement in respect of the Company; or

(c) the date upon which a person or a group of associated persons becomes entitled, subsequent to the date of grant of the Employee Option, to sufficient Shares to give it or them the ability, in general meeting, to replace all or allow a majority of the Board in circumstances where such ability was not already held by a person associated with such person or group of associated persons.

Participation in Dividends, Rights Issues and Bonus Issues

The Employee Options granted under the Scheme do not give any right to participate in dividends or rights issues until Shares are allotted pursuant to the exercise of the relevant Employee Option. The number of Shares issued on the exercise of Employee Options will be adjusted for bonus issues made prior to the exercise of the Employee Options.

Term of Employee Options

The Employee Options granted under the Scheme have a term specified on the face of each certificate.

Subdivision or Consolidation

If the Company, after having granted any Employee Option, reduces its issued Share capital or subdivides or consolidates its Shares, the number of the Shares issued to the option holder on exercise of an Employee Option will be reduced, subdivided or consolidated, as the case may be, in accordance with the ASX Listing Rules.

Restriction on Disposal of Shares

The Board may determine that a restriction period (Restriction Period) will apply to some or all of the Shares following the exercise of the options issued under the Plan. The Restriction Period imposed may be up to a maximum of seven years.

Limitation on offers

If the Company makes an offer under the Scheme where:

(a) the total number of Shares to be received on exercise of Options the subject of that offer exceeds the limit set out in ASIC Class Order 03/184; or

(b) the Offer does not otherwise comply with the terms and conditions set out in ASIC Class Order 03/184,

the Company must comply with Chapter 6D of the Corporations Act at the time of that Offer.

Non Exclusivity

The Plan will not preclude the authorisation of other forms of incentive compensation for employees.

10.3 DISCLOSURE OF INTERESTS

Directors are not required under the Constitution to hold any Securities. As at the date of this Prospectus, the Directors have relevant interests in Securities as follows:

DIRECTOR	SHARES	PERFORMANCE SHARES[1]
John Prineas	6,962,517	30
Tim Hronsky	1,062,500	10
Marcus Michael	2,222,222	15

NOTE 1: ON SATISFACTION OF CERTAIN MILESTONE EVENTS, EACH PERFORMANCE SHARE CONVERTS INTO 100,000 (REFER TO SECTION 10.1.2), IN WHICH CASE JOHN PRINEAS WOULD BECOME ENTITLED TO 3,000,000 FURTHER SHARES, TIM HRONSKY 1,000,000 FURTHER SHARES AND MARCUS MICHAEL 1,500,000 FURTHER SHARES.

10.4 REMUNERATION

The Constitution provides that the remuneration of Directors for their services as directors will be not more than the aggregate fixed sum determined by a general meeting, and prior to the first annual general meeting of the Company. The aggregate fixed sum determined by the directors. The aggregate remuneration for Directors has been set at an amount not to exceed $150,000 per annum.

The remuneration of executive Directors will be fixed by the Directors and may be paid by way of fixed salary or consultancy fee. Please refer to Sections 9.3 and 9.4 for a summary of the agreements with John Prineas and Tim Hronsky.

Marcus Michael is entitled to fees of $40,000 per annum for his role as a non-executive director. Mr Michael is entitled to fees of $36,000 per annum for his role as company secretary.

Marshall Michael Pty Ltd, Chartered Accountants, a firm of which Mr Michael is a principal, has been engaged to provide accounting services to the Company. Fees for these services will be charged in accordance with standard, time-based, professional charge-out rates.

10.5 DEEDS OF INDEMNITY, INSURANCE AND ACCESS

The Company has entered into a deed of indemnity, insurance and access with each of its Directors. Under these deeds, the Company agrees to indemnify each Director to the extent permitted by the Corporations Act against any liability arising as a result of the Director acting in the capacity as a director of the Company. The Company is also required to maintain insurance policies for the benefit of the Director and must also allow the Directors to inspect Company documents in certain circumstances.

10.6 FEES AND BENEFITS

Other than as set out below or elsewhere in this Prospectus, no:

(a) Director of the Company;

(b) person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus;

(c) promoter of the Company; or

(d) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in the Prospectus as a financial services licensee involved in the issue,

has, or had within 2 years before lodgement of this Prospectus with the ASIC, any interest in:

(i) the formation or promotion of the Company;

(ii) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of Shares under this Prospectus; or

(iii) the offer of Shares under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons as an inducement to become, or to qualify as, a Director of the Company or for services rendered in connection with the formation or promotion of the Company or the offer of Shares under this Prospectus.

Malcolm Castle has acted as the Independent Geologist and has prepared an Independent Geologist's Report which has been included in Section 5 of this Prospectus. The Company estimates that it will pay Malcolm Castle a total of $8,000 for these services. During the 24 months preceding lodgement of this Prospectus with the ASIC, Malcolm Castle has not received any other fees from the Company.

Stantons International has acted as auditor and Investigating Accountant and has prepared an Investigating Accountant's Report which has been included in Section 6 of this Prospectus. The Company estimates it will pay Stantons International a total of $20,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Stantons International has not received any other fees from the Company.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer, has been involved in due diligence enquiries on legal matters and has prepared a Solicitor's Report on Tenements which has been included in Section 7 of this Prospectus. The Company estimates it will pay Steinepreis Paganin $50,000 for these services. Subsequently, fees will be charged in accordance with normal charge out rates. During the 24 months preceding lodgement of this Prospectus with the ASIC, Steinepreis Paganin has received fees of approximately $63,500 for other legal services provided to the Company.

10.7 CONSENTS

Each of the parties referred to in this section:

(a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and

(b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Malcolm Castle has given his written consent to being named as the Independent Geologist to the Company in this Prospectus and to the inclusion of the Independent Geologist's Report in Section 5 in the form and context in which the report is included. Malcolm Castle has not withdrawn his consent prior to the lodgement of this Prospectus with the ASIC.

Stantons International has given its written consent to being named as auditor and Investigating Accountant in this Prospectus and to the inclusion of the Investigating Accountant's Report in Section 6 in the form and context in which the report is included. Stantons International has not withdrawn its consent prior to lodgement of this Prospectus with the ASIC.

Steinepreis Paganin has given its written consent to being named as the solicitor to the Company in this Prospectus and to the inclusion of the Solicitor's Report on Tenements in Section 7 in the form and context in which the report is included. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

10.8 RESTRICTED SECURITIES

ASX has indicated that certain existing security holders may be required to enter into agreements which restrict dealings in Securities held by them. These agreements will be entered into in accordance with the Listing Rules.

10.9 EXPENSES OF THE OFFER

The total expenses of the Offer are estimated to be approximately $402,698 (exclusive of GST) and are expected to be applied towards the items set out in the table below:

Item of Expenditure	Amount
ASIC/ASX fees	$49,698
Brokerage fees	$240,000
Advisers' fees	$78,000
Printing	$25,000
Miscellaneous	$10,000
TOTAL	$402,698

10.10 LOAN ARRANGEMENTS

Certain of the foundation shareholders (or entities associated with them) have provided loans to the Company to assist in the funding of its business activities. The total amount of these loans is $230,000, including loans from entities associated with each of John Prineas and Marcus Michael (each for $76,666.66), and the loans are repayable on 31 January 2011 or 21 days after listing of the Company's securities on the ASX, whichever occurs first. The loans are interest free.

10.11 LITIGATION

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

10.12 ELECTRONIC PROSPECTUS

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Form. If you have not, please email the Company at admin@stgm.com.au and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus or both. Alternatively, you may obtain a copy of the Prospectus from the Company's website at www.stgeorgemining.com.au.

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

10.13 TAXATION

The acquisition and disposal of Shares in the Company will have tax consequences, which will differ depending on the individual financial affairs of each investor. All potential investors in the Company are urged to obtain independent financial advice about the consequences of acquiring Shares from a taxation viewpoint and generally.

To the maximum extent permitted by law, the Company, its officers and each of their respective advisors accept no liability and responsibility with respect to the taxation consequences of subscribing for Shares under this Prospectus.

10.14 FORECASTS

The Company is an exploration company. Given the speculative nature of exploration, mineral development and production, there are significant uncertainties associated with forecasting future revenue. On this basis, the Directors believe that reliable forecasts cannot be prepared and accordingly have not included forecasts in this Prospectus.

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with Section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

JOHN PRINEAS
DIRECTOR
FOR AND ON BEHALF OF
ST GEORGE MINING LIMITED

12 GLOSSARY

TERM	DEFINITION
A$ or $	means an Australian dollar.
Application Form	means the application form accompanying this Prospectus relating to the Offer.
ASIC	the Australian Securities & Investments Commission.
ASX	ASX Limited (ACN 008 624 691) or the Australian Securities Exchange (as the context requires).
Board	the board of Directors as constituted from time to time.
Business Day	a week day when trading banks are ordinarily open for business in Perth, Western Australia.
Company or St George Mining	St George Mining Limited (ACN 139 308 973).
Closing Date	the closing date of the Offer as set out in Section 1.3.
Constitution	the constitution of the Company.
Corporations Act	the Corporations Act 2001 (Cth).
Directors	the directors of the Company at the date of this Prospectus.
Exposure Period	the period of 7 days after the date of lodgement of this Prospectus, which period may be extended by the ASIC by not more than 7 days pursuant to Section 727(3) of the Corporations Act.
JORC code	the Australian code for reporting of exploration results, mineral resources and ore reserves prepared by the Joint Ore Reserves Committee of the Aus IMM, the AIG and the Minerals Council of Australia, effective December 2004.
Listing Rules	the official listing rules of ASX.
Malcolm Castle	Malcolm Castle, Consulting Geologist.
New Option	an option to acquire a Share referred to in Section 1.6 of this Prospectus.
Offer	the offer to apply for Shares set out in Section 2 of this Prospectus.
Official List	the Official List of ASX.
Official Quotation	official quotation by ASX in accordance with the Listing Rules.
Option	an option to acquire a Share.
Prospectus	this prospectus.
Securities	Shares and Options.
Share	a fully paid ordinary share in the capital of the Company.
Share Registry	Computershare Investor Services Pty Ltd.
Shareholder	a holder of Shares.
Stantons International	Stantons International Pty Ltd trading as Stantons international Securities (as investigating accountant) or Stantons International (as auditor), as the context may require.
Tenements	the tenements in which the Company has an interest as set out in the Solicitor's Report on Tenements in Section 7 of this Prospectus.
WST	means Western Standard Time, Perth, Western Australia.

ST GEORGE MINING LIMITED

Applications for Shares offered under this Prospectus must be made using the attached Application Form.

Intending applicants should remove the Application Form and complete it in accordance with the instructions on the back page of the Application Form.

ST GEORGE MINING LIMITED
ABN 21 139 308 973

Application Form

This Application Form is important. If you are in doubt as to how to deal with it, please contact your stockbroker or professional adviser without delay. You should read the entire prospectus carefully before completing this form. To meet the requirements of the Corporations Act, this Application Form must not be distributed unless included in, or accompanied by, the prospectus.

Registry Use Only

Broker Code

Adviser Code

A **I/we apply for**

Number of Shares in St George Mining Limited at A$0.20 per Share or such lesser number of Shares which may be allocated to me/us

B **I/we lodge full Application Money**

A$.

C **Individual/Joint applications - refer to naming standards overleaf for correct forms of registrable title(s)**

Title or Company Name | Given Name(s) | Surname

Joint Applicant 2 or Account Designation

Joint Applicant 3 or Account Designation

D **Enter your postal address - Include State and Postcode**

Unit | Street Number | Street Name or PO Box /Other Information

City / Suburb / Town | State | Postcode

E **Enter your contact details**

Contact Name | Telephone Number - Business Hours / After Hours

( )

F **CHESS Participant**

Holder Identification Number (HIN)

X

Please note that if you supply a CHESS HIN but the name and address details on your form do not correspond exactly with the registration details held at CHESS, your application will be deemed to be made without the CHESS HIN, and any securities issued as a result of the IPO will be held on the Issuer Sponsored subregister.

Payment details – Please note that funds are unable to be directly debited from your bank account

G

Drawer	Cheque Number	BSB Number	Account Number	Amount of cheque
				A$

Make your cheque or bank draft payable to St George Mining Limited - Share Offer Account

By submitting this Application Form, I/we declare that this application is completed and lodged according to the Prospectus and the declarations/statements on the reverse of this Application form and I/we declare that all details and statements made by me/us (including the declaration on the reverse of this Application Form) are complete and accurate. I/we agree to be bound by the Constitution of the Company.

ST GEORGE MINING LIMITED

How to complete this form

A Shares Applied for

Enter the number of Shares you wish to apply for. The application must be for a minimum of 10,000 Shares. Applications for greater than 10,000 Shares must be in multiples of 1,000 Shares.

B Application Monies

Enter the amount of Application Monies. To calculate the amount, multiply the number of Shares by the price per Share.

C Applicant Name(s)

Enter the full name you wish to appear on the statement of share holding. This must be either your own name or the name of a company. Up to 3 joint Applicants may register. You should refer to the table below for the correct forms of registrable title. Applications using the wrong form of names may be rejected. Clearing House Electronic Subregister System (CHESS) participants should complete their name identically to that presently registered in the CHESS system.

D Postal Address

Enter your postal address for all correspondence. All communications to you from the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

E Contact Details

Enter your contact details. These are not compulsory but will assist us if we need to contact you.

F CHESS

St George Mining Limited (the Company) will apply to the ASX to participate in CHESS, operated by ASX Settlement and Transfer Corporation Pty Ltd, a wholly owned subsidiary of Australian Securities Exchange Limited. In CHESS, the company will operate an electronic CHESS Subregister of security holdings and an electronic Issuer Sponsored Subregister of security holdings. Together the two Subregisters will make up the Company's principal register of securities. The Company will not be issuing certificates to applicants in respect of Shares allotted. If you are a CHESS participant (or are sponsored by a CHESS participant) and you wish to hold Shares allotted to you under this Application on the CHESS Subregister, enter your CHESS HIN. Otherwise, leave this section blank and on allotment, you will be sponsored by the Company and allocated a Securityholder Reference Number (SRN).

G Payment

Make your cheque or bank draft payable to St George Mining Limited - Share Offer Account in Australian currency and cross it Not Negotiable. Your cheque or bank draft must be drawn on an Australian Bank.

Complete the cheque details in the boxes provided. The total amount must agree with the amount shown in box B. **Please note that funds are unable to be directly debited from your bank account.**

Cheques will be processed on the day of receipt and as such, sufficient cleared funds must be held in your account as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the Application Form where indicated. Cash will not be accepted. Receipt for payment will not be forwarded.

Before completing the Application Form the applicant(s) should read this prospectus to which this application relates. By lodging the Application Form, the applicant agrees that this application for Shares in St George Mining Limited is upon and subject to the terms of the prospectus and the Constitution of St George Mining Limited, agrees to take any number of Shares that may be allotted to the Applicant(s) pursuant to the prospectus and declares that all details and statements made are complete and accurate. It is not necessary to sign the Application Form.

Lodgement of Application

Application Forms must be received by Computershare Investor Services Pty Limited Perth by no later than 5pm WST on 30 September 2010. You should allow sufficient time for this to occur. Return the Application Form with cheque(s) attached to:

Computershare Investor Services Pty Limited
GPO Box D182
PERTH WA 6840

Neither CIS nor the Company accepts any responsibility if you lodge the Application Form at any other address or by any other means.

Privacy Statement

Personal information is collected on this form by Computershare Investor Services Pty Limited ("CIS"), as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications. You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or e-mail privacy@computershare.com.au

If you have any enquiries concerning your application, please contact the Computershare Investor Services Pty Limited on 1300 557 010.

Correct forms of registrable title(s)

Note that ONLY legal entities are allowed to hold Shares. Applications must be made in the name(s) of natural persons, companies or other legal entities in accordance with the Corporations Act. At least one full given name and the surname is required for each natural person. The name of the beneficial owner or any other registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable title(s) below.

Type of Investor	Correct Form of Registration	Incorrect Form of Registration
Individual - Use given name(s) in full, not initials	Mr John Alfred Smith	J.A Smith
Joint - Use given name(s) in full, not initials	Mr John Alfred Smith & Mrs Janet Marie Smith	John Alfred & Janet Marie Smith
Company - Use company title, not abbreviations	ABC Pty Ltd	ABC P/L ABC Co
Trusts - Use trustee(s) personal name(s) - Do not use the name of the trust	Ms Penny Smith <Penny Smith Family A/C>	Penny Smith Family Trust
Deceased Estates - Use executor(s) personal name(s) - Do not use the name of the deceased	Mr Michael Smith <Est John Smith A/C>	Estate of Late John Smith
Minor (a person under the age of 18) - Use the name of a responsible adult with an appropriate designation	Mr John Alfred Smith <Peter Smith A/C>	Peter Smith
Partnerships - Use partners personal name(s) - Do not use the name of the partnership	Mr John Smith & Mr Michael Smith <John Smith & Son A/C>	John Smith & Son
Clubs/Unincorporated Bodies/Business Names - Use office bearer(s) personal name(s) - Do not use the name of the club etc	Mrs Janet Smith <ABC Tennis Association A/C>	ABC Tennis Association
Superannuation Funds - Use the name of trustee of the fund - Do not use the name of the fund	John Smith Pty Ltd <Super Fund A/C>	John Smith Pty Ltd Superannuation Fund

ST GEORGE MINING LIMITED - ACN 139 308 973
LEVEL 1, 115 CAMBRIDGE STREET
WEST LEEDERVILLE WA 6007
T: 08 9322 6600
F: 08 9322 6610

WWW.STGEORGEMINING.COM.AU

ST GEORGE
MINING LIMITED