

ST GEORGE MINING LIMITED

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Best Practice Recommendations**). The Best Practice Recommendations are not mandatory. However, the Company will be required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the Best Practice Recommendations.

The Board of the Company currently has in place corporate governance policies and procedures, in the form of a "Corporate Governance Plan" which are set out on the Company's website www.stgeorgemining.com.au.

	BEST PRACTICE RECOMMENDATION	COMMENT
1.	<i>Lay solid foundations for management and oversight</i>	
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	<p>The Board's role is to govern the Company rather than manage it. The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer and other senior executives. It is the role of senior management to act in accordance with the direction and delegation of the Board and responsibility of the Board to oversee the activities of management in carrying out these delegated duties.</p> <p>The Company's corporate governance policies and practices are set out on the Company's website at www.stgeorgemining.com.au.</p>
1.2	Companies should disclose the process for evaluating the performance of senior executives.	<p>The Board will monitor the performance of senior management, including measuring actual performance against planned performance. The Board will follow the performance evaluation principles outlined in its Corporate Governance Plan.</p>
1.3	Companies should provide the information indicated in the <i>Guide to reporting on Principle 1</i> .	<p>The Board will ensure that an evaluation of senior executives by the remainder of the Board will take place in future years.</p> <p>The Board Charter discloses the specific responsibilities of the Board and provides that the Board shall delegate responsibility for the day-to-day operations and administration of the Company to the Chief Executive Officer and executive</p>

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		<p>directors.</p> <p>The Company will provide an explanation of any departures from Best Practice Recommendations 1.1, 1.2 and 1.3 in its annual reports.</p> <p>The Company's corporate governance policies and practices are set out on the Company's website at www.stgeorgemining.com.au.</p>
2.	<i>Structure the board to add value</i>	
2.1	A majority of the board should be independent directors.	A majority of the directors are not currently independent. The Board considers that its current structure is appropriate given that the Company is in its early stages of its development and given the size, nature and scope of the Company's operations. The Board intends to reconsider its composition as the Company's operations evolve and may seek out and appoint additional directors, including independent directors, in the future.
2.2	The chairperson should be an independent director.	The chairperson Mr John Prineas is not an independent director because he is employed in an executive capacity and is a substantial shareholder. As indicated above, the Company may identify and appoint independent directors (including an independent Chairman) in due course.
2.3	The roles of chairperson and chief executive officer should not be exercised by the same individual.	Mr John Prineas is currently the Executive Chairman of the Company. The Company currently does not have a "Chief Executive Officer" and Mr Prineas will occupy the role of the key executive employee of the Company. As indicated above, the Company may identify and appoint additional directors (including an independent Chairman) in due course, and may also appoint a Chief Executive Officer, in which case the roles would be exercised by different persons.
2.4	The board should establish a nomination committee.	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 a separate nomination committee as recommended in the Best Practice Recommendations. The Board has nevertheless established formal terms of reference for a nomination committee. The Board does not consider that at this stage any efficiencies or other benefits would be gained from establishing a separate committee. Accordingly, until a nomination committee is established, the full Board will carry out the duties of the nomination committee in accordance with the terms of reference that have been

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		adopted. The Board will follow the performance evaluation principles outlined in its Corporate Governance Plan.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors	It is the policy of the Board to conduct an evaluation of its performance. This policy is to ensure individual Directors on the Board as a whole work efficiently and effectively achieving the functions. The Board as a whole discusses and analyses its own performance during the year, including suggestions for a change or improvement.
2.6	Companies should provide the information indicated in <i>Guide to Reporting on Principle 2</i> .	The Company will provide the required information, together with an explanation of any departures from Best Practice Recommendations 2.1, 2.2, 2.3, 2.4, 2.5 and 2.6 in its annual reports. The Company's corporate governance policies and practices are set out on the Company's website at www.stgeorgemining.com.au .
3.	<i>Promote ethical and responsible decision-making</i>	
3.1	Companies should establish a code of conduct and disclose the code or a summary as to the code as to: (a) the practices necessary to maintain confidence in the company's integrity; (b) the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and (c) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Company's Corporate Governance Plan includes a Corporate Code of Conduct, which provides a framework for decisions and actions in relation to ethical conduct in employment.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in	The Company's Corporate Governance Plan does not include an express policy specifically addressing diversity. Due to the current limited size of the Company's operations the Board does not consider it necessary to have a diversity policy but will consider adopting a policy in the future. The Company's Corporate Governance Plan includes a Corporate Code of Conduct, which provides a framework for undertaking ethical conduct in employment. Under the Corporate Code of

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	achieving them.	Conduct, employees must not harass, discriminate, or support others who harass and discriminate against colleagues or members of the public on the grounds of sex, pregnancy, marital status, age, race (including their colour, nationality, descent, ethnic or religious background), physical or intellectual impairment, homosexuality or transgender. Such harassment or discrimination may constitute an offence under legislation. Managers should understand and apply the principles of Equal Employment Opportunity.
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	As noted above, the Company's Corporate Governance Plan does not include an express policy specifically addressing diversity. The Company will provide details of its objectives for achieving gender diversity set by the board in its future annual reports.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	There are currently no women in senior executive positions, nor on the board of the Company. The Board will provide details as to the proportion of women employed by the Company, women in senior executive positions and women on the board in its future annual reports.
3.5	Companies should provide the information indicated in <i>Guide to Reporting on Principle 3</i> .	The Company will explain any departures from Best Practice Recommendations 3.1, 3.2, 3.3, 3.4 and 3.5 in its future annual reports. The Company's corporate governance policies and practices are set out on the Company's website at www.stgeorgemining.com.au .
4.	<i>Safeguard integrity in financial reporting</i>	
4.1	The board should establish an audit committee.	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 a separate audit committee as recommended in the Best Practice Recommendations. The Board has nevertheless established formal terms of reference for an audit committee. The Board does not consider that at this stage any efficiencies or other benefits would be gained from establishing a separate committee. Accordingly, until an audit committee is established, the full Board will carry out the duties of the audit committee in accordance with the terms of reference that have been adopted.
4.2	Structure the audit committee so that it:	See above.

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	<p>(a) consists of only non-executive directors;</p> <p>(b) consists of a majority of independent directors;</p> <p>(c) has an independent chairperson, who is not chairperson of the board; and</p> <p>(d) has at least three members.</p>	
4.3	The audit committee should have a formal charter.	The Company's Corporate Governance Plan includes a formal charter for the audit committee.
4.4	Companies should provide the information indicated in <i>Guide to Reporting on Principle 4</i> .	<p>When a formal audit committee is established, the Company will provide details of the members of the audit committee, the number of meetings of the audit committee and the names of the attendees, together with an explanation of any departures from Best Practice Recommendations 4.1, 4.2, 4.3, and 4.4 in its future annual reports.</p> <p>The Company's corporate governance policies and practices are set out on the Company's website at www.stgeorgemining.com.au.</p>
5.	<i>Make timely and balanced disclosure</i>	
5.1	Companies should establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies.	The Company has a continuous disclosure program in place designed to ensure the factual presentation of the Company's financial position. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.
5.2	Companies should provide the information indicated in <i>Guide to Reporting on Principle 5</i> .	<p>The Company will provide an explanation of any departures from Best Practice Recommendations 5.1 and 5.2 in its future annual reports.</p> <p>The Company's corporate governance policies and practices are set out on the Company's website at www.stgeorgemining.com.au.</p>

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6.	<i>Respect the rights of shareholders</i>	
6.1	Companies should design a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings and disclose their policy or a summary of that policy.	The Company's Corporate Governance Plan includes a shareholder communications strategy, which aims to ensure that the shareholders are informed of all major developments affecting the Company's state of affairs.
6.2	Companies should provide the information indicated in <i>Guide to Reporting on Principle 6</i> .	The Company will provide an explanation of any departures from Best Practice Recommendations 6.1 and 6.2 in its future annual reports. The Company's corporate governance policies and practices are set out on the Company's website at www.stgeorgemining.com.au .
7.	<i>Recognise and manage risk</i>	
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of these policies.	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 determines the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Company's Corporate Governance Plan establishes formal terms of reference for disclosure of risk management review procedure and internal compliance and control. In the event that an audit committee is established, the Board will delegate to the audit committee responsibility for implementing the risk management system. The Board will carry out these duties in the interim in accordance with the terms of reference that have been adopted.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	See above.

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7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Company's annual report of 2010 included reference to the declaration made under Section 295A of the Corporations Act made by the directors of the Company.
7.4	Companies should provide the information indicated in <i>Guide to Reporting on Principle 7</i> .	The Company will provide an explanation of any departures from Best Practice Recommendations 7.1, 7.2, 7.3 and 7.4 in its future annual reports. The Company's corporate governance policies and practices are set out on the Company's website at www.stgeorgemining.com.au .
8.	<i>Remunerate fairly and responsibly</i>	
8.1	The board should establish a remuneration committee.	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 a separate remuneration committee as recommended in the Best Practice Recommendations. The Board has nevertheless established formal terms of reference for a remuneration committee. The Board does not consider that at this stage any efficiencies or other benefits would be gained from establishing a separate committee. Accordingly, until a remuneration committee is established, the full Board will carry out the duties of the remuneration committee in accordance with the terms of reference that have been adopted.
8.2	The remuneration committee should be structured so that it: (a) consists of a majority of independent directors; (b) has an independent chairperson; and (c) has at least three members.	See above.

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8.3	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The Board is responsible for determining the remuneration of senior executives. The Board will have consideration to the remuneration guidelines in the audit committee's terms of reference. Non-executive directors are paid a fixed fee for their services as directors.
8.4	Companies should provide the information indicated in <i>Guide to Reporting on Principle 9</i> .	The Company will explain any departures from Best Practice Recommendations 8.1, 8.2, 8.3 and 8.4 in its future annual reports. The Company's corporate governance policies and practices are set out on the Company's website at www.stgeorgemining.com.au .