ASX / MEDIA RELEASE

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MAJOR RARE EARTH TARGET IDENTIFIED AT RED DRAGON

HIGHLIGHTS

- **Potential for Red Dragon to host a major rare earth deposit**
- **Large area of carbonatite alteration (7 km x 4 km) identified at Red Dragon prospect**
- **Alteration system remains open in all directions**
- **Favourable regional setting for rare earths, with Red Dragon located in similar structural setting to large Mt Weld deposit**

OVERVIEW

Australian gold and nickel focused explorer St George Mining Limited (ASX: **SGQ**) ('St George Mining' or 'the Company') is pleased to announce the results of exploration undertaken at the Red Dragon prospect at its 100% owned East Laverton Property in the NE Goldfields region of Western Australia.

A review of the large Red Dragon prospect was completed following the 2011 field season, the first complete field season since the listing of St George Mining on the ASX in November 2010.

The review included analysis of the multi-element MMI ("mobile metal ion") soil geochemical survey and an airborne magnetics survey, which were both completed over a portion of Red Dragon during the 2011 field season.

This technical review confirmed the presence of a large geochemical signature that appears characteristic of a carbonatite alteration system. Typically, carbonatites may host large concentrations of rare earth elements and rare earth metals.

The Lynas Corporation Ltd ("Lynas") Mt Weld project, located 130km NW from Red Dragon, is a carbonatite pipe that is approximately 2.5 km in diameter and hosts one of the richest known deposits of rare earths in the world.

THE RARE EARTHS POTENTIAL

Anomalous levels of rare earth elements (REE) were detected by the 2011 multi-element MMI ("mobile metal ion") soil geochemical survey at Red Dragon. These REE responses are discrete zones within a large carbonatite alteration system (7 km x 4 km).

Red Dragon is located 130km SW from the Mt Weld Project. Other rare earths projects in the region are the Ponton REE Project of Galaxy Resources Limited (ASX: GXY) and the Cundeelee Project of Rarus Limited (unlisted) (see Figure 1). Multiple occurrences of carbonatite in the local area reflect the localised and unique geological character of the area and its strong prospectivity for carbonatite hosted rare earth deposits.

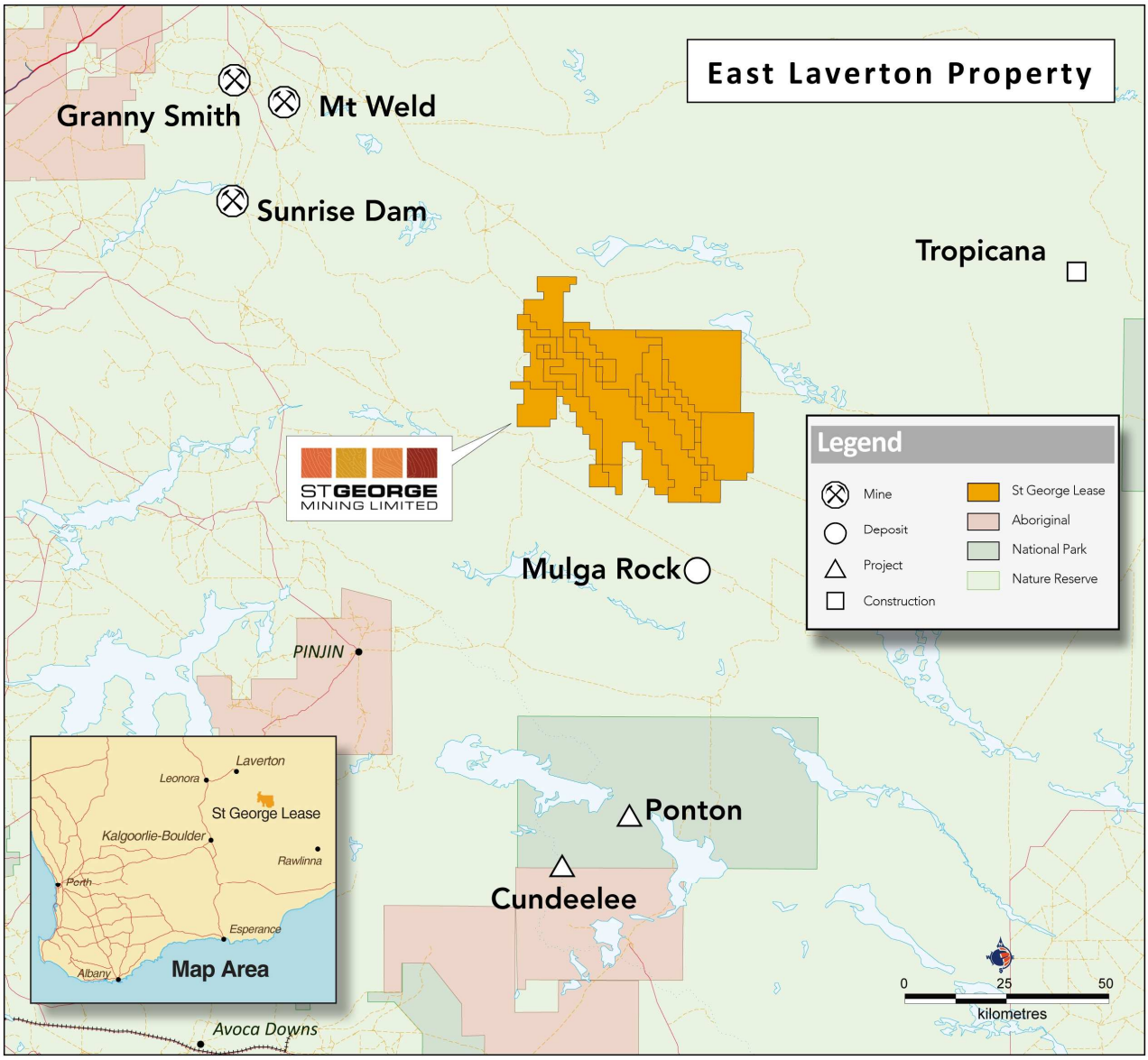

Figure 1 – a regional map that indicates the proximity of St George Mining's tenements to major rare earths and gold projects in the region

Carbonatites are intrusive igneous rocks defined by mineral composition consisting of greater than 50 percent of carbonate minerals (Ca + Mg). They are almost exclusively associated with reactivated continental rift-related structures. These tectonic settings are also favourable for gold mineralisation.

The Red Dragon carbonatite is hosted by a domain boundary shear on the eastern margin of the East Laverton Property, a setting similar to the nearby Mt Weld carbonatite which is also located on the eastern margin of the Laverton mineral field (see Figure 2).

The similar structural and geological settings for Red Dragon and Mt Weld make the Mt Weld carbonatite an ideal analogue that will assist in developing an exploration programme for the Red Dragon prospect.

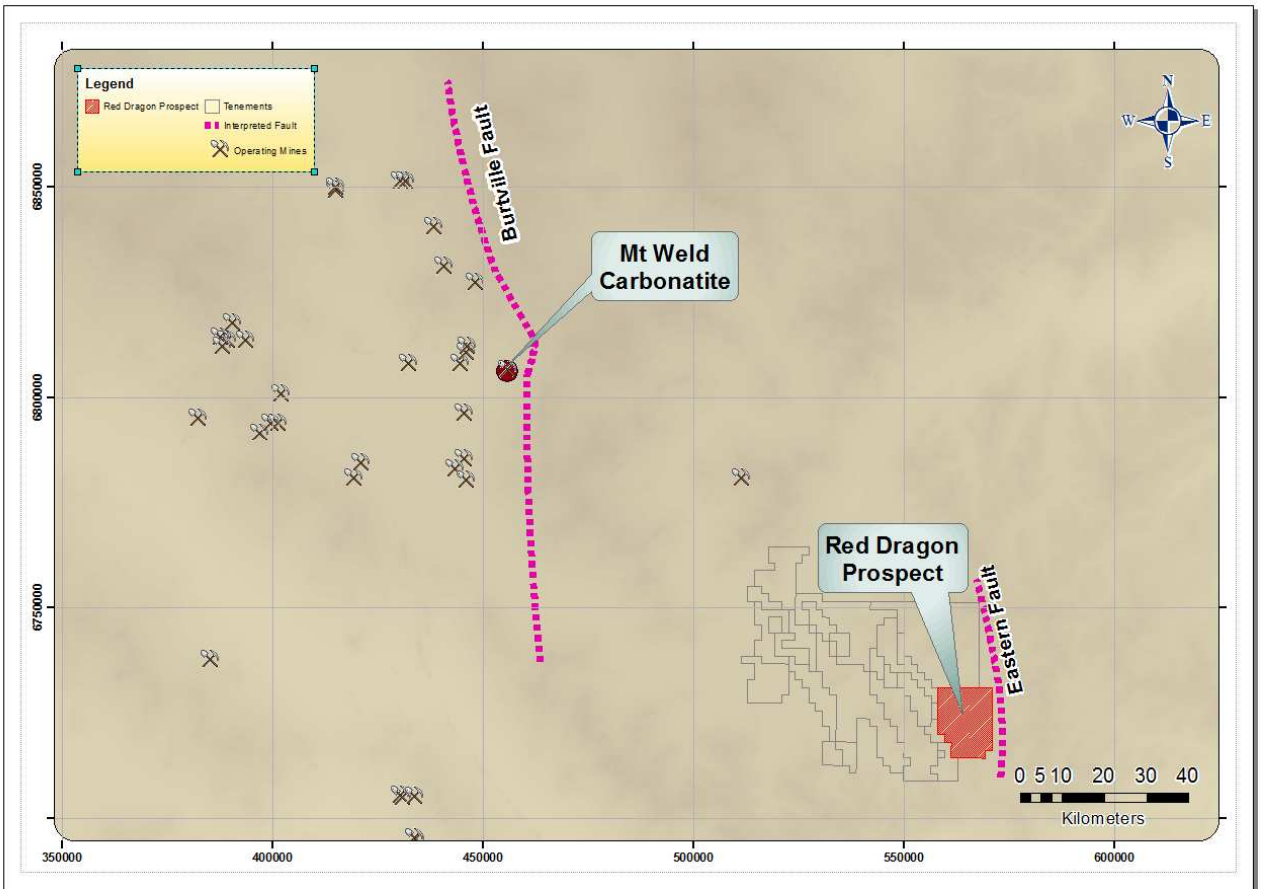

Figure 2 – illustrates the similar structural setting for Mt Weld and Red Dragon

THE CARBONATITE - TECHNICAL INFORMATION

The assessment of the 2011 multi-element MMI survey over Red Dragon, which included a review by an external geochemist, has confirmed the presence of a geochemical signature that is indicative of a large alkaline intrusive centre. Geophyisically, this inferred carbonatite intrusive presents as a large low, or reversely magnetised, response. The high magnesium (Mg) but low nickel (Ni) content of the area indicates the large feature is not a mafic intrusive (e.g. dunite or kimberlite).

The levels of iron (Fe), calcium (Ca) and magnesium (Mg) in the soil anomalies greatly exceed what has been determined as "normal" in a typical Eastern Goldfields "granite-greenstone" Archean setting. The carbonate levels in the soils are very high and are comparable to the responses expected from an underlying limestone, a carbonate rich sedimentary rock that forms in younger terranes.

In an Archean granite greenstone setting, this level of carbonate is likely associated with some form of carbonatite intrusive.

Carbonatites are post-Archean (Proterozoic) in age, and while their mineral assemblages are variable, they can include significant levels of rare earth elements and rare earth metals not found in common igneous rocks.

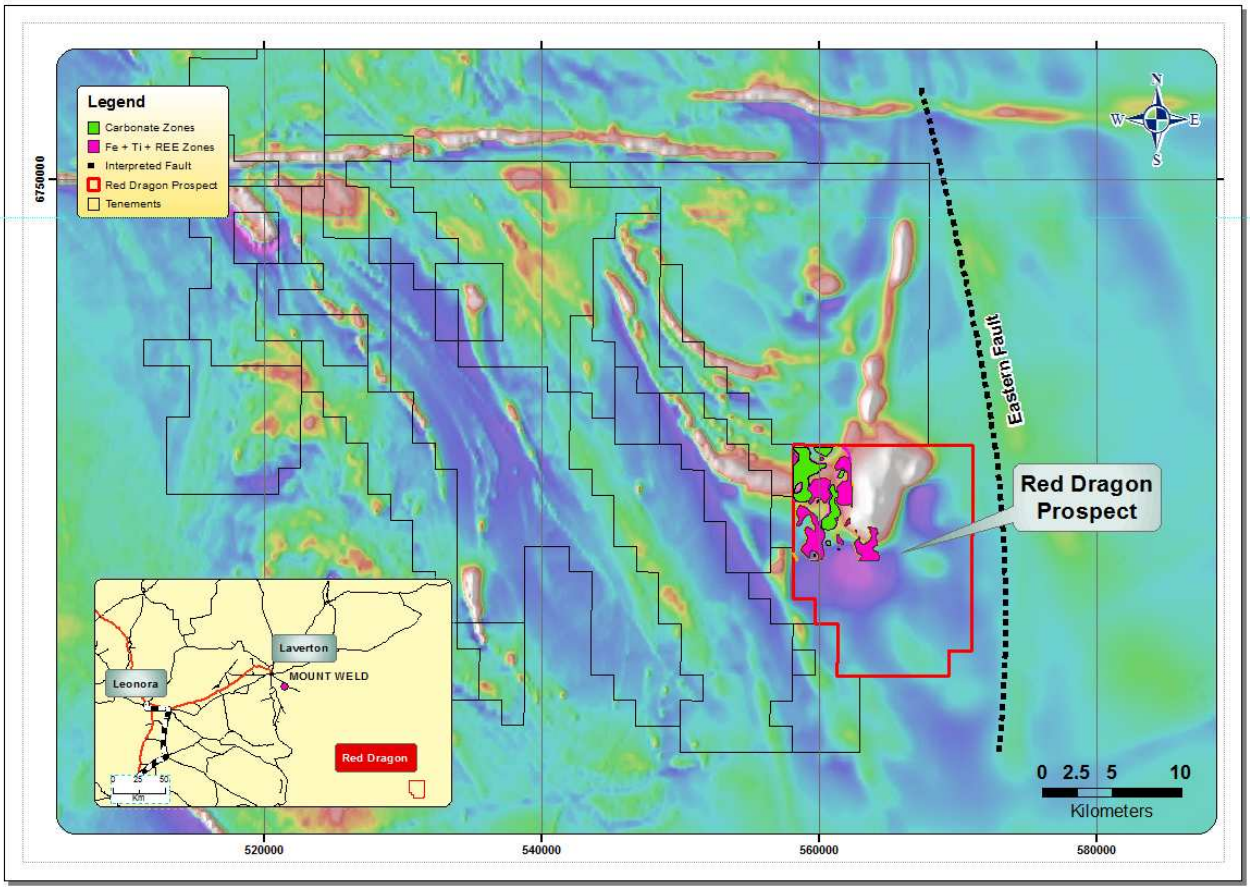

Figure 3 - The initial survey area only partially covers the large intrusive centre to the immediate south. Features are shown against the regional (TMI) magnetics background.

The MMI survey at Red Dragon identified north-south orientated corridors enriched in iron + titanium (Ti) + rare earth elements, or in carbonates (see Figure 3). The iron-rich and carbonate-rich zones appear to be distinctly separate in occurrence.

The levels of Fe encountered in the soils were similar to those usually expected in soil over a weathered magnetite body. The iron-rich zones are reflected by higher topographic settings, potentially illustrating the resistant nature of the underlying altered rocks.

The area is also an elevated gravity response, indicating the underlying rock has a higher than normal density. The soil geochemical response over these "iron corridors" indicates a complex mix of rare earth elements.

The "carbonate corridors" are zones identified by the soil geochemical survey that contained highly anomalous levels of calcium + magnesium + barium (Ca + Mg + Ba) (see Figures 4 and 5). The levels of Ca + Mg in the soil are consistent with that found in soils overlying a limestone or dolomite unit. The intensity of the carbonate-rich alteration is highly anomalous in the normal Archean "granite-greenstone" geological setting, but permissive of a carbonatite intrusive. The carbonate zones are coincident with areas of lower topographic elevation and this may reflect the soft and easily erodible nature of underlying carbonate-rich rocks.

The area has only low levels of Ni present indicating there is not a significant mafic rock association with the anomalous iron and magnesium. These low nickel levels provide additional support that the zones of iron-rich geochemistry at Red Dragon represent an alteration assemblage associated with the altered margins of an underlying intrusive system.

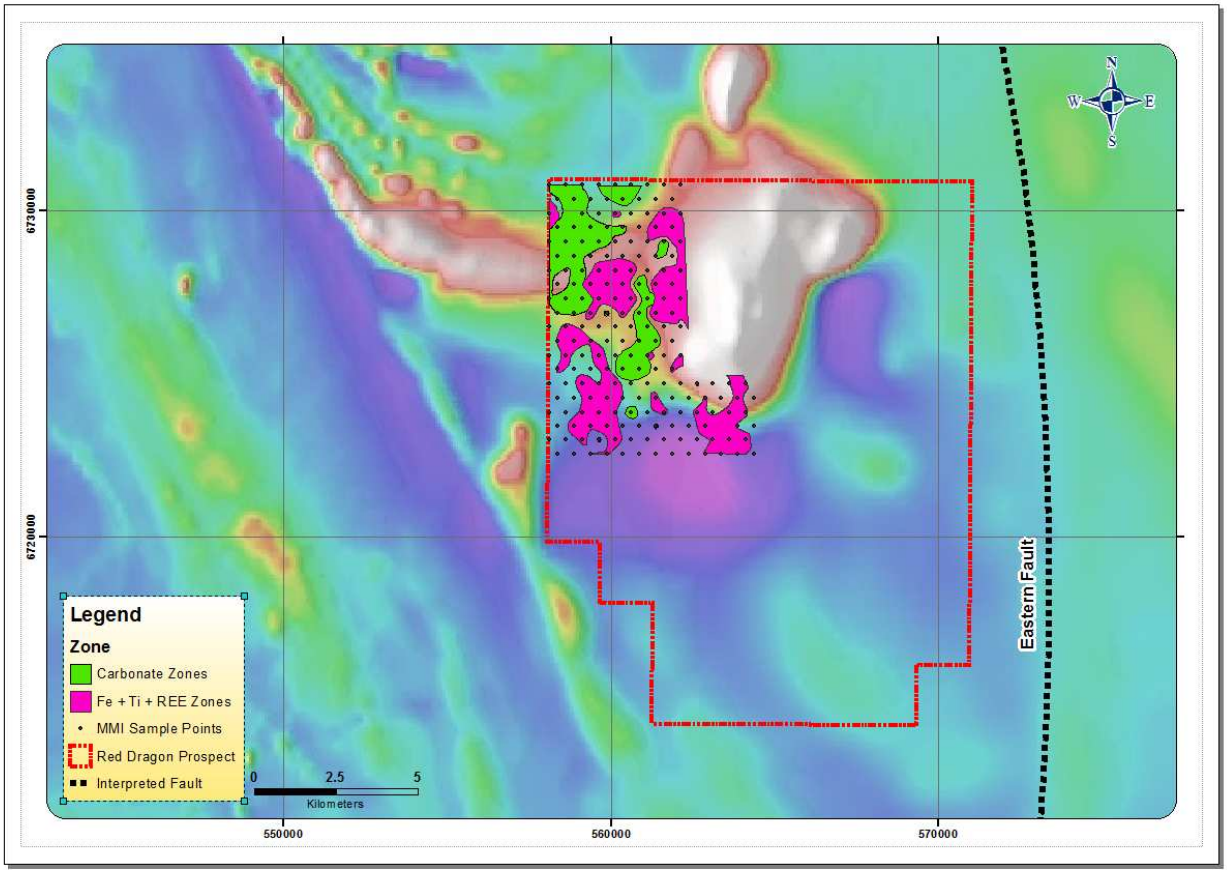

Figure 4 - Figure shows two "iron corridors" with high Fe +Ti + REE's, which that are adjacent to the "carbonate corridors" (Ca + Mg + Ba).

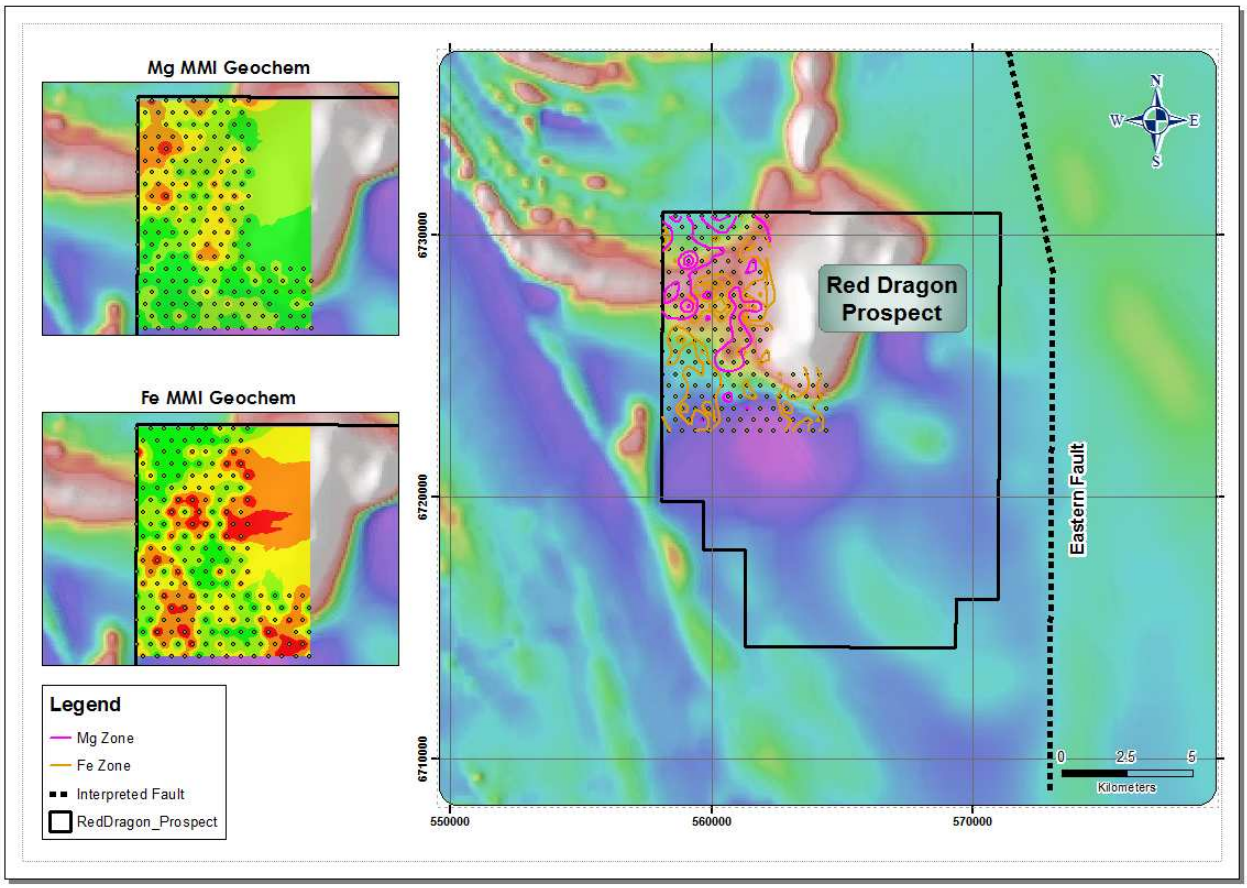

Figure 5 - Figure shows two "carbonate corridors" with high Ca +Mg + Ba, which are adjacent and separate to the "iron corridors" (Fe +Ti + REE's).

FURTHER EXPLORATION

The current alteration footprint has been defined over a 28 km^2 (7 km long x 4 km wide) area. This only partially covers the large circular magnetic low that has an elevated gravity response (5+ km in diameter), and which is believed to represent the core of the intrusive centre. The geophysical and geochemical data indicate this carbonatite alteration system remains open in all directions.

The MMI survey will be extended to test the portions of the Red Dragon prospect not covered by the initial 2011 survey for extensions to the carbonatite alteration.

In addition, the samples from a 25 km^2 MMI survey grid that was previously completed immediately to the north of the 2011 Red Dragon sample grid are currently being analysed for a broader suite of elements. This offers an immediate opportunity for the expansion of this already large alteration footprint.

Where the geochemical sample grid covers areas with sparse cover, rock chip sampling of the bed rock will be completed so as to test ("ground-truth") the anomalies.

The detailed airborne magnetic survey flown by St George Mining in late 2011 will undergo further sophisticated modelling to assist in delineating the intrusive related system including the depth of cover. The modelling will also evaluate whether the low magnetic response of the large intrusive system is related to reverse magnetism.

Drill targets will be defined at Red Dragon after evaluation of all the geochemical and geophysical data. A test drilling programme will be scheduled as soon as practicable with likely timing being late 2012 or early 2013.

Tim Hronsky, Technical Director of St George Mining, said:

"We have previously recognised that the prominent structural and geophysical setting at Red Dragon was geologically significant, but lacked the detailed information to work out exactly what the economic target was. The recent geophysical and geochemical surveys have been instrumental in that regard.

"We are now evaluating the significance of this find and investigating the full size of the system."

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COMPETENT PERSON STATEMENT:

The information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by Andrew Hawker of Hawker Geological Services Pty Ltd. Mr Hawker is a member of the Australasian Institute of Mining and Metallurgy has sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which he is undertaking. This qualifies Mr Hawker as a "Competent Person" as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Hawker consents to the inclusion of information in this announcement in the form and context in which it appears.