

ST GEORGE MINING LIMITED

6 April 2011

ASX: SGQ

ACN 139 308 973

Level 1, 115 Cambridge Street
PO Box 1305, West Leederville
WA 6007

www.stgeorgemining.com.au

Phone +618 9322 6600

Facsimile +618 9322 6610

Email info@stgm.com.au

John Prineas

Executive Chairman

Tim Hronsky

Technical Director

Marcus Michael

Non-Executive Director
and Company Secretary

East Laverton Property:

- Gold, Nickel and Copper Projects
- Project Dragon (Nickel)

Pine Creek Property:

Blue Thunder Gold Project
White Strike Uranium Project

ST GEORGE MINING SECURE NICKEL EXPLORATION DEAL

OVERVIEW OF PROJECT DRAGON

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

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

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

St George Mining, which listed on the ASX on 16 November 2010 (following an over-subscribed IPO), believes that the Farm-in Agreement is an important milestone in advancing the nickel sulphide potential of the prospective East Laverton Property.

John Prineas, Executive Chairman of St George Mining said: "The Farm-in Agreement is a giant leap forward in exploring what St George Mining believes is a new nickel sulphide district and we are delighted it has attracted a major mining company. The agreement provides an excellent strategy for St George Mining to advance the nickel sulphide project at East Laverton."

NICKEL AT THE EAST LAVERTON PROPERTY

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

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

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

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

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

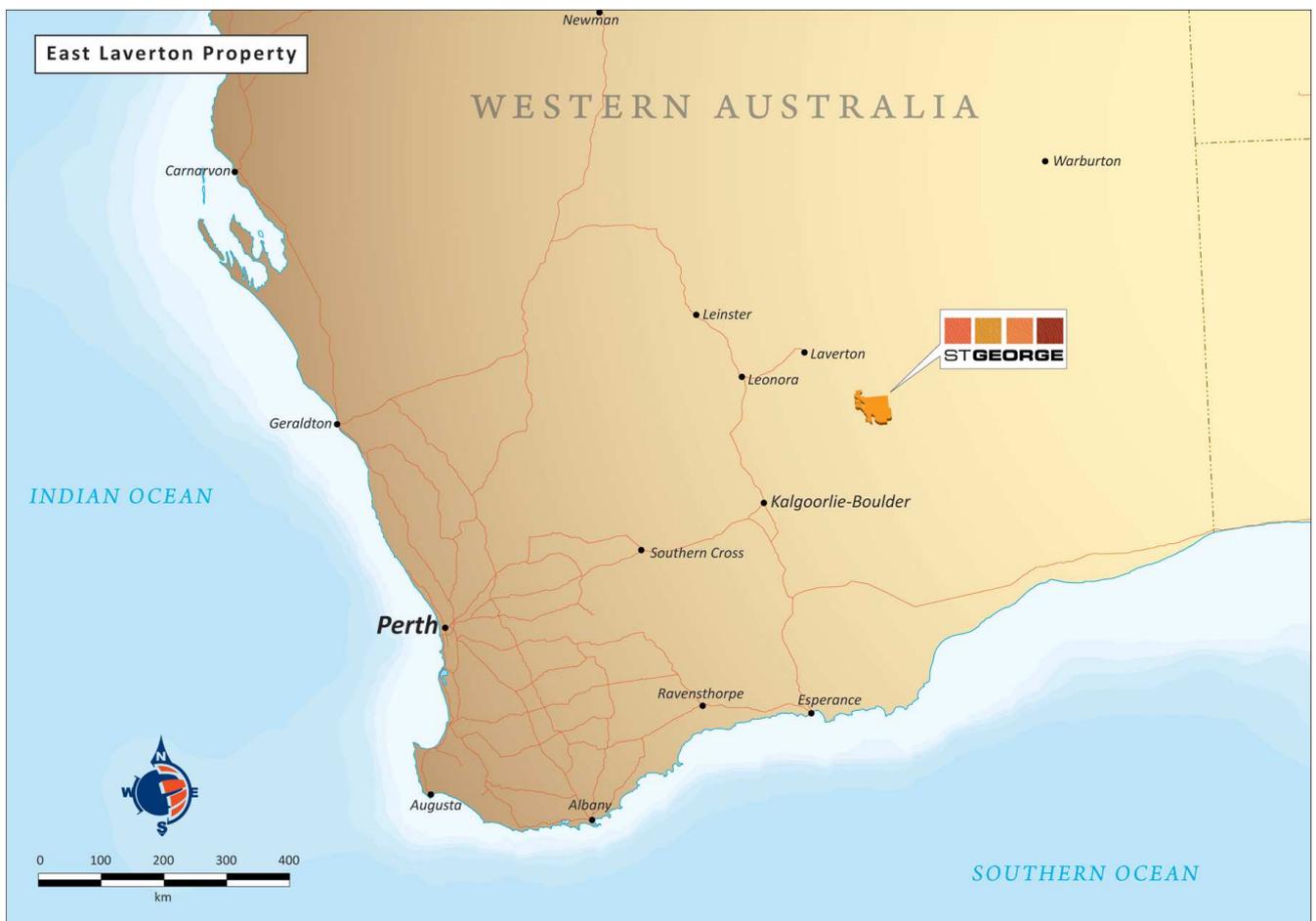


Figure 1 – Location of East Laverton Property, WA

THE FARM-IN AGREEMENT

The key terms of the Farm-in Agreement include:

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

The commencement of the Farm-in Agreement is conditional on the transfer of all of the tenements governed by the Farm-in Agreement to St George Mining's wholly owned subsidiary Desert Fox Resources Pty Ltd. One tenement remains to be transferred, and this condition is expected to be satisfied by late April/early May 2011.

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

For further information, please contact:

John Prineas

Executive Chairman

St George Mining Limited

(+61) 411 421 253

John.prineas@stgm.com.au

www.stgeorgemining.com.au

David Brook

Professional Public Relations

(+61) 08 9388 0944 mob 0415 096 804

David.Brook@ppr.com.au

COMPETENT PERSON STATEMENT:

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