

ST GEORGE MINING LIMITED

2 August 2011

ASX: SGQ

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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

CAPITAL RAISING PROGRAM

HIGHLIGHTS

- **1 for 5 non-renounceable entitlements issue of shares at an issue price of 15 cents per new share**
- **3 for 2 free options attaching to new shares acquired under the entitlements issue**
- **Total funds of \$1.575 million to be raised**
- **BurnVoir Corporate Finance appointed lead manager to the program**
- **St George Mining to aggressively pursue exploration at the Company's East Laverton and Pine Creek projects**

OVERVIEW

Australian gold and nickel focused explorer, St George Mining Limited (ASX: SGQ) ('St George Mining' or the 'Company') is pleased to announce a capital raising program which will be lead managed by BurnVoir Corporate Finance.

A total of \$1.575 million (before costs) will be raised by this initiative and will provide the Company with additional funds to accelerate the exploration activities at its East Laverton and Pine Creek projects.

The capital raising will also increase the free float and liquidity in St George shares, as well as strengthening its balance sheet flexibility.

John Prineas, Executive Chairman of St George Mining said: "The entitlements issue will provide all existing shareholders with an opportunity to acquire additional shares in the Company in advance of what we believe will be a highly successful drilling campaign at our East Laverton and Pine Creek projects in the second half of this year.

The free options attaching to the new shares are a great way to gain a leveraged exposure to the significant upside of our projects.

St George has made substantial progress at its projects over the past year. The Company has identified several outstanding gold targets at East Laverton and we have further refined the existing gold discovery at Pine Creek. These targets will be the focus of our 2011 drilling program with results expected to be released over the next 3-6 months. We have also entered into a farm-in arrangement with a major mining company for the nickel rights at East Laverton.

We have structured the capital raising program so that it is attractively priced for investors wishing to share in our tremendous exploration potential and to reward the continuing loyalty of our shareholders."

ENTITLEMENTS ISSUE

St George Mining will launch a 1 for 5 non-renounceable entitlements issue of shares at 15 cents per new share, to raise up to \$1.575 million (“Entitlements Issue”).

Existing shareholders will be offered the opportunity to purchase one (1) new share for every five (5) shares held by them as at the record date of 15 August 2011 at a price of 15 cents per share. The Entitlements Issue price reflects a 19% discount to the 30 day volume weighted price of the Company’s shares as at 2 August 2011 of 18.5 cents per share, and a 23% discount to the closing price of the Company’s shares as at 2 August 2011 of 19.5 cents per share.

For every two (2) shares purchased under the Entitlements Issue, shareholders will receive three (3) free options. The key terms of the free options are:

- the exercise price of each option shall be 20 cents each
- the Company will apply to have the options quoted on the ASX
- the expiry date of each option shall be 28 November 2014
- options may be exercised at any time prior to expiry

The Entitlements Issue will be made pursuant to a prospectus to be lodged with ASIC shortly (the “Entitlements Prospectus”).

Upon full subscription of the Entitlements Issue, the number of ordinary shares issued by the Company shall increase from 52,500,000 to 63,000,000.

St George Mining currently has no issued options as part of its capital structure. Following issue of the free options under the Entitlements Issue, a total of 15,750,000 options will be issued by the Company assuming full subscription.

SHORTFALL

The Directors reserve the right to place any shortfall under the Entitlements Issue with shareholders and prospective investors and to allocate any such shortfall in their absolute discretion.

USE OF FUNDS

The funds being raised will be utilised as follows:

Use of Funds	\$
East Laverton - Exploration	700,000
Pine Creek – Exploration	300,000
Working Capital	453,430
Expenses of the capital raising	121,570
TOTAL	1,575,000

TIMETABLE

The indicative timetable for the Entitlements Issue is set out below. The timetable will be confirmed upon lodgment of the Entitlements Prospectus with ASIC.

Indicative Timetable for Entitlements Issue:

Announcement of Entitlements Issue	2 August 2011
Lodgement of Entitlements Prospectus with ASIC	5 August 2011
Notice sent to Shareholders	8 August 2011
Ex Date for Entitlements Issue	9 August 2011
Record Date for determining Shareholder entitlements	15 August 2011
Entitlements Prospectus dispatched to Shareholders and announcement that dispatch has been completed	17 August 2011
Closing Date of Offer	5:00pm (WST) on 31 August 2011
Securities quoted on a deferred settlement basis	1 September 2011
Notify ASX of under-subscriptions	2 September 2011
Dispatch of Holding Statements	7 September 2011

ADDITIONAL OPTIONS

Following closing of the Entitlements Issue, the Company intends to launch an option program referred to in the IPO Prospectus dated 16 August 2010. All eligible shareholders of the Company will be offered the opportunity to purchase 1 (one) option for every 2 (two) shares at a price of 1 cent per option ("Option Program"). These options will be on the same terms as the free options.

For further information, please contact:

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