

25 January 2012

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 31 DECEMBER 2011

St George Mining Limited (ASX: SGQ) ("St George Mining"), a gold and nickel focused exploration company, presents its Quarterly Activities Report for the period ended 31 December 2011:

EAST LAVERTON PROPERTY

GOLD EXPLORATION - ACTIVITIES

Overview

During the quarter, St George Mining completed the 2011 gold exploration programme for its 100% owned East Laverton Property, a dominant regional landholding of over 1,800 sq km on the eastern edge of the North Eastern Goldfields of Western Australia.

The East Laverton Property includes the southern extension of the nickel-rich Duketon Belt and is also in proximity to major recent gold discoveries by the Tropicana Joint Venture (6+ MozAu) and by Gold Road Resources Limited (ASX: GOR) at its Yamarna Gold Project.

Exploration during the 2011 field season, from August to December 2011, involved a large multi-phase exploration programme at East Laverton focused on:

- (i) drill testing the high priority gold prospects at Desert Dragon and Balmoral;
- (ii) completing an airborne magnetic survey covering the Red Dragon and Balmoral prospects; and
- (iii) extending the MMI multi element soil sampling programme to include some areas located along the extension of known gold trends, including the Golden Dragon area (north of Red Dragon).

Drilling

A total of 30 drill holes were completed during the 2011 drill programme. Of these holes, 9 were aircore drill holes and the remainder were deeper RC drill holes. 22 holes (comprising 2,062m of drilling) tested the Desert Dragon prospect and 8 holes (a total of 637m of drilling) were drilled at the Balmoral prospect.

Drilling intersected significant lengths of altered intervals with disseminated sulphide mineralisation towards the base of the holes. Our technical team has noted that this kind of mineralisation and alteration is often an indicator of gold mineralisation in the Laverton region.

Preliminary drill results were received and reported by the Company in its ASX Release dated 14 November 2011. All remaining drill samples were delivered to SGS Australia during November/December 2011 and assay results are expected from SGS Australia shortly. There have been ongoing delays in the completion of assay results from the laboratory due to a backlog of samples having being sent to the laboratory by numerous mining companies.

The drilling campaign was suspended in December 2011 due to adverse ground conditions following heavy rains at site.

Airborne Magnetic Survey

A detailed airborne magnetic survey covering the Red Dragon and Balmoral gold prospects was completed by Fugro Airborne Surveys during the quarter. Approximately 4,800 kilometres were flown as part of this survey. Survey data is currently being processed and modelled.

The survey will supplement the Company's existing geophysical database and will assist in developing new drill targets ahead of the 2012 field season.

MMI Programme

The MMI programme primarily focused on the Golden Dragon area (north of Red Dragon), a newly acquired tenement area where no modern gold exploration has been conducted. A zone of anomalous gold was detected in the Golden Dragon area, at the edge of the previous MMI soil sampling programme conducted by the Company at Red Dragon.

The other MMI soil geochemical surveys conducted during 2011 have focused on areas that are located along the extension of the known Desert Dragon gold trend. Assay results for the MMI geochemical surveys are expected to be received from SGS Australia shortly. Again, there have been delays in receiving assay results from the laboratory.

NICKEL EXPLORATION – PROJECT DRAGON

St George Mining, through its wholly own subsidiary Desert Fox Resources Pty Ltd, has entered into a Farm-in Agreement with BHP Billiton Nickel West Pty Ltd ("Nickel West") in regard to the nickel rights at certain of the tenements at the East Laverton Property.

Activities during Q4 2011 comprised:

- Completed site archaeological and ethnographical surveys;
- Completed a desktop botanical review;
- Planned a comprehensive RC program to test 8 high-ranked Prospects across the Farmin tenure;
- Program of Work (PoW) approval was received for ~25% of the planned RC program;
- Program of Work (PoW) application was submitted for the remaining ~75% of the planned RC program; and,
- Site reconnaissance completed.

Proposed activities for Q1 2012 include:

- Site specific botanical surveys to be undertaken;
- Receive PoW approval for the remaining ~75% of the planned RC program;
- Complete all earthworks and site preparation for the drill program; and
- Commence the RC drill program late-Q1/early-Q2 2012.

Under the Farm-in Agreement, Nickel West will have the right to earn up to a 70% interest in the nickel rights by sole funding a bankable feasibility study. Further details on the Project Dragon farm-in arrangement are contained in the ASX Release dated 6 April 2011 issued by St George Mining and on our website at www.stgm.com.au/project-dragon.

EAST LAVERTON TENEMENTS

St George Mining has 100% ownership of 24 tenements at the East Laverton Property. Of these, 23 are granted Exploration Licences and 1 is an application for Exploration Licence.

During the quarter, St George Mining applied for E39/1677 and E39/1678. These tenements are in the Lake Minigwal area and in proximity to the East Laverton Property.

PINE CREEK PROPERTY

EXPLORATION ACTIVITIES – PINE CREEK

Overview

The Company completed a multi-phase exploration programme at Pine Creek during the quarter.

A combination of orientated diamond drilling and a multi-element MMI soil geochemical survey have been completed with the intention of:

- Confirming the high grade mineralisation detected in the existing discovery hole (FEND18);
- Gaining a better understanding on the local orientation of the gold mineralisation; and,
- Testing for vertical and lateral extensions from the higher grade zone (FEND18).

The previous explorer at the Pine Creek Property, Homestake Gold of Australia Limited (“HGAL”), carried out a successful regional diamond drilling programme over a broad area of the Fenton shear zone that included EL27732, a tenement that now forms part of St George Mining’s Pine Creek Property. HGAL was part of the Homestake Group, one of the largest global gold miners during the 1990’s, and now merged with Barrick Gold Corporation. FEND18, which is located within EL27732, was the discovery hole in HGAL’s drilling programme.

Drilling

The first diamond drill hole planned under the 2011 drilling programme, named PCDD001, was completed to a depth of 550 metres. Due to the unusually early onset of wet weather at site, the balance of the drilling programme was suspended until the 2012 field season.

Visual inspection of the drill core indicates that the marker unit and the target formation for mineralisation were intersected at a higher elevation than encountered with the older angled discovery hole (FEND18). This is consistent with the moderate folding in the area being an important local control on the distribution of mineralised zones.

In December 2011, the core was taken to Darwin for analysis by the CSIRO HyLogger – a hyperspectral logging unit. Results from the HyLogger analysis are currently being reviewed and processed.

The drill core has now been brought to Perth and is undergoing structural logging. Following that, the drill core will be cut and sampled with samples to be submitted to SGS Australia for assaying

MMI Programme

The Company has completed an MMI multi element soil geochemical survey over the discovery area, which covers the FEND18 drill hole and now includes the newly drilled PCDD001.

HGAL, after making the initial gold discovery at the Pine Creek Property, reported successfully completing an MMI soil geochemical orientation survey, which identified a prominent gold anomaly over the area of the higher-grade drill intersection (FEND18) at Pine Creek.

The intention of the survey completed by St George Mining was to confirm HGAL's gold geochemical results over the discovery area, and to test for possible extensions to the known area of gold mineralisation by expanding the St George geochemical survey to areas to the east and south.

PINE CREEK TENEMENTS

There are seven tenements comprising the Pine Creek Property in which St George Mining has an 80% interest. All tenements have been granted.

No tenements, in part or whole, were relinquished, surrendered or otherwise divested during the quarterly period ended 31 December 2011.

CORPORATE ACTIVITIES

Loyalty Option Issue

During the quarter, the Company completed a 1 for 2 non-renounceable entitlements issue of options at \$0.01 per option ("Loyalty Option Issue").

Shareholders on the registry at the record date on 10 November 2011, were offered the opportunity to purchase one (1) new option for every two (2) shares held by them at a price of \$0.01 per option. The key terms of the options are:

- an exercise price of \$0.20;
- the options are quoted on the ASX;
- the expiry date of each option is 28 November 2014; and,
- options are exercisable at any time prior to expiry.

A total of 31,509,000 options were offered under the Loyalty Option Issue. The Company received applications under the entitlement offer for 24,057,099 options and these were allotted to shareholders on 8 December 2011. The options are trading on the ASX under the code SGQO.

The Company has received applications and expressions of interest in respect of the shortfall of 7,451,901 options and the Board is currently reviewing the placement of the shortfall.

Incentive Options

At the Company's Annual General Meeting on 30 November 2011, the shareholders approved the issue of certain unlisted incentive options to Tim Hronsky and Andrew Hawker. These options were issued on 22 December 2011.

Details of the incentive options are contained in the Notice of Annual General Meeting dated 24 October 2011.

Capital Structure

As at the end of the quarter, the capital structure of the Company was:

Fully Paid Ordinary Shares (SGQ)	63,018,000
Listed Options (SGQO)	40,589,099
Unlisted Options	
Class A Options	450,000
Class B Options	450,000
Class C Options	600,000
Performance Shares	100

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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.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

St George Mining Limited

ABN

21 139 308 973

Quarter ended ("current quarter")

31 December 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(1,301)	(1,593)
(b) development	-	-
(c) production	-	-
(d) administration	(185)	(348)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	20	33
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	50
1.7 Other - GST	(83)	(104)
Net Operating Cash Flows	(1,549)	(1,962)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(1,549)	(1,962)

+ See chapter 19 for defined terms.

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Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,549)	(1,962)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	244	1,819
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Cost of issue	(106)	(106)
	Net financing cash flows	138	1,713
	Net increase (decrease) in cash held	(1,411)	(249)
1.20	Cash at beginning of quarter/year to date	2,276	1,114
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	865	865

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	151
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

	\$'000
Directors fees and remuneration	115
Accounting, bookkeeping and secretarial services	36

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	150
4.2 Development	-
4.3 Production	-
4.4 Administration	125
Total	275

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	865	2,276
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	865	2,276

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	N/A		

+ See chapter 19 for defined terms.

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Mining exploration entity quarterly report

6.2 Interests in mining tenements acquired or increased	EL39/1677	Exploration Licence	NIL	100%
	EL39/1678	Exploration Licence	NIL	100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>	100	-	-	-
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3 *Ordinary securities	63,018,000	37,773,000	-	-
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	18,000 -	18,000 -	\$0.20 -	\$0.20 -
7.5 *Convertible debt securities <i>(description)</i>	-	-	-	-
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7 Options - Options - Class A Options - Class B Options - Class C Options	40,589,099 450,000 450,000 600,000	40,589,099 - - -	<i>Exercise price</i> \$0.20 \$0.20 \$0.25 \$0.40	<i>Expiry date</i> 28 November 2014 28 November 2013 28 November 2014 28 November 2015

+ See chapter 19 for defined terms.

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change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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