

26 November 2012

ST GEORGE PROVIDES UPDATE ON DRILLING PROGRAMME

HIGHLIGHTS

- Planned holes at Athena and Desert Dragon Au prospects have been completed with positive indications from initial geological logging and XRF analysis of drill samples
- Broad zone of intense alteration identified at Desert Dragon within a significant shear zone
- Intersection of 7 m @ 0.53% Ni & 160 ppm Cu in silicified ultramafic at the Desert Dragon Au prospect (DDNRC-002: 53 m to 60 m from XRF analysis)
- Cambridge priority hole 1 completed, and priority hole 2 partially completed
- Cambridge holes intersected long intervals of ultramafic with XRF analysis pending
- Drill programme suspended due to unseasonal heavy rains

2012 DRILLING PROGRAMME AT 100% ST GEORGE PROSPECTS

St George Mining Limited (ASX: **SGQ**) (“St George Mining” or “the Company”) is pleased to provide an update on the 2012 drilling programme of its 100% owned prospects at the Company’s East Laverton Property in the NE Goldfields region of Western Australia.

Preliminary hand-held XRF analysis of samples from some of the completed drill holes has provided important information that has assisted in recognising the significance of intersections encountered in the drilling completed to date.

Athena Au Prospect

This gold prospect was the first target to be drilled in the 2012 programme. Two spaced scissor holes were completed to test the shear zone hosted Au-Ag (gold-silver) geochemical anomaly recognised through MMI soil sampling.

ATHRC-001 was drilled to a downhole depth of 264 m and ATHRC-002 was drilled to a downhole depth of 252 m. The two holes at Athena appear to validate the primary source of the larger Au-Ag soil anomaly situated on the regional Minigwal Fault.

The holes encountered zones of moderate alteration with associated sulphides and elevated Ag levels on the margins of the shear, which in turn enclose zones of intense potassium feldspar + silica + biotite alteration, with correspondingly high levels of K (potassium) + Mo (molybdenum) in the central part of the shear.

The alteration and geochemical signature of the more intensely altered zones are consistent with the presence of oxidised alkaline gold fluid and this assists in explaining the preferential sulphide association with the lower temperature sericite + chlorite in the marginal shear settings.

Desert Dragon Au Prospect

Two spaced scissor holes were completed at the Desert Dragon Au Prospect to test a high value Au-Ag soil anomaly on the Stella Range ultramafic belt and regional shear zone. DDNRC-001 was drilled to a downhole depth of 240 m, while DDNRC-002 was drilled to a downhole depth of 246 m. The holes are situated on the western margin of a late-stage granite intrusion.

Both holes encountered the same zones of intense potassium feldspar + silica + biotite alteration encountered at Athena, however at Desert Dragon these zones were more intense and more consistent. This is reflected in the higher levels of Ag shown by the XRF in the shear zone margins, and the higher level K + Mo signature in the intensely altered central part of the shear zone.

Overall, there is a good correlation between the geology logs and the geochemical profiles provided by the XRF field analysis. The antithetic relationship of the elevated K + Mo and the Ag values are very apparent at Desert Dragon and again likely reflect temperature variations. The drilling tested one section of a 2,000 m Au-Ag anomaly with a corresponding linear magnetic low zone.

The low magnetic response is consistent with the intense iron-destructive alteration that was seen in the drilling. The recent completion of the soil MMI grid around Desert Dragon also shows a broad Cu “footprint” surrounding these zones. This a similar and consistent pattern with the geochemical and geophysical presentation at St George Mining’s other priority Au prospect at Balmoral.

An intersection of 7 m @ 0.53% Ni & 160 ppmCu was encountered in DDNRC-002 within silicified ultramafic rocks (53 m to 60 m from XRF analysis) situated on the margins of the shear zone (details in Table 1). This intersection is suggested as reflecting the primary nature of the ultramafic rocks in the area, which in this case has been preserved from the overprinting hydrothermal event by earlier intense silicification.

HOLE ID	NORTH	EAST	DIP (deg)	AZM (deg)	FROM (m)	TO (m)	INT (m)	Ni (ppm)	Cu (ppm)
DDNRC-002	6 742 718	523 717	-60	059	53	60	7	5343	160

Table 1: Nickel-copper intersection in DDNRC-002

Cambridge Ni Prospect

Priority hole 1, CAMRC-001, was drilled to a depth of 168 m in the NW corner of the ultramafic body to test its western contact with the host rocks. The hole was affected by significant water issues and had to be terminated after encountering a zone of intensely silicified and sheared ultramafic rock that could not be appropriately penetrated by the high capacity RC drill rig being used.

Priority hole 2, CAMRC-002, achieved a depth of 150 metres before drilling was suspended because of hazardous conditions related to a major electrical and rain storm.

Both holes at Cambridge encountered long intervals of ultramafic and an XRF analysis of these holes is underway. Drill samples from the holes will be taken to the Company’s warehouse in Perth to allow for completion of the XRF analysis, and will then be sent to SGS Laboratories for a complete suite of assays.

Plan View with drill hole locations

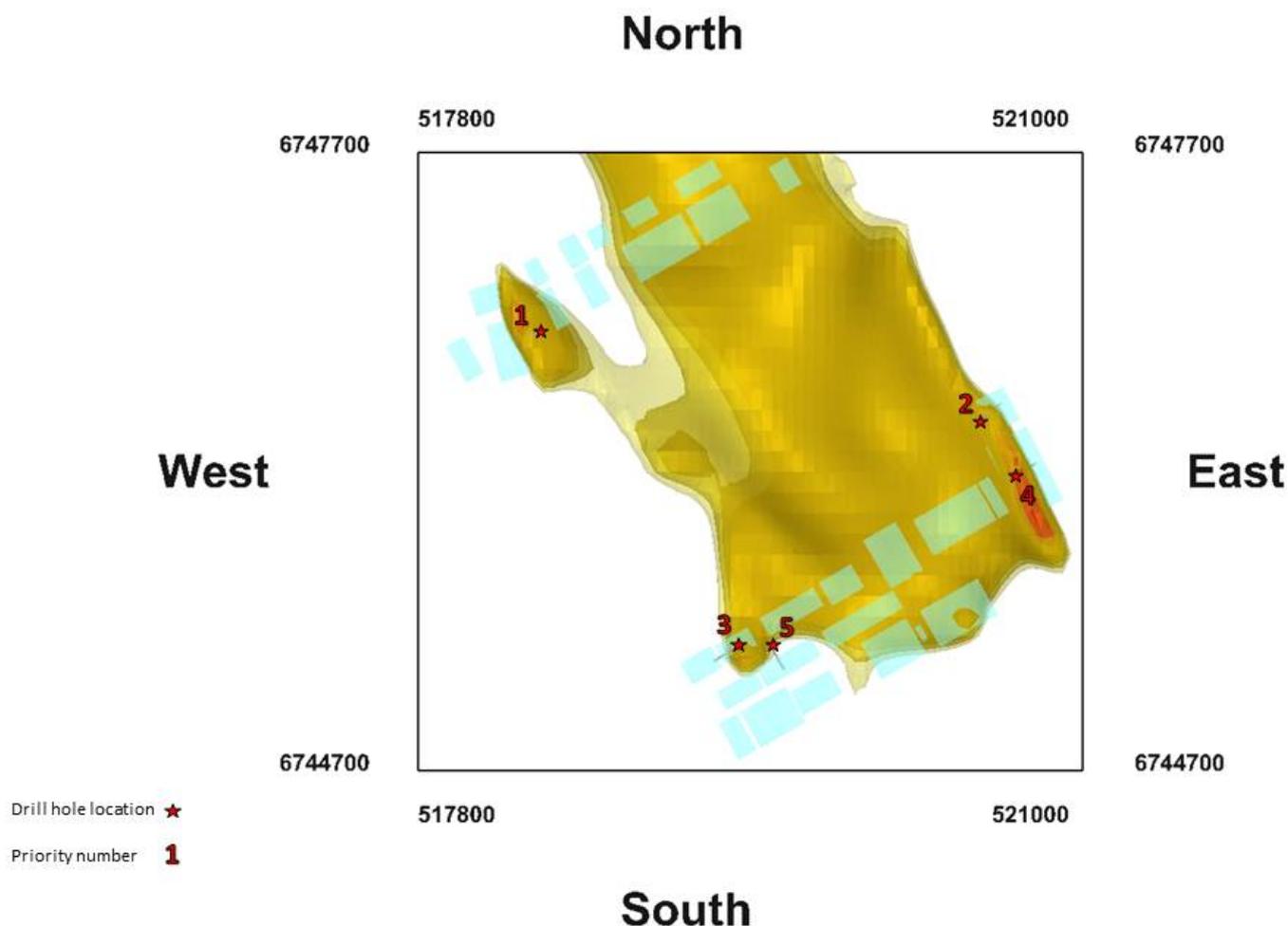


Figure 1 – a plan view of the ultramafic body with 2012 priority drill-hole locations. Hole 1 (CAMRC-001) was completed and Hole 2 (CAMRC-002) was partially completed to a depth of 150m.

Suspension of Drilling Programme

The RC drill rig retained for the 2012 drilling programme has achieved drill rates well in excess of the budgeted daily rate. Drilling was proceeding ahead of schedule and budget until heavy rains associated with a severe electrical storm occurred on the evening of 24 November 2012.

Torrential rain and associated forked lightning has created hazardous conditions and significant operational issues for the personnel and the associated heavy equipment. Duty of care issues and prudent management has led to the decision to suspend drilling at Cambridge, as the weather forecast for the region indicates this is not an isolated incident but an early onset of the “wet season” that ordinarily commences in late December. The arrival of the wet season usually requires a universal postponement of exploration activities until later in Q1 of the following year.

Although the suspension of the drilling programme is disappointing, the drilling completed has been extremely valuable. The strategy of deep RC drilling to test MMI gold soil anomalies has proven to be effective, and further test drilling of gold prospects will be planned following a review of assay results.

Further test drilling of the highly prospective Cambridge Nickel Prospect will be scheduled for the next field season. St George Mining will use this delay to review the operational and geological experience of drilling at Cambridge, and will incorporate further information available from an ongoing review of the nickel potential of its 100% owned ground.

Laboratory assays for the completed drill holes are expected to be available in late January 2013.

XRF Analysis

References to XRF results relate to analysis using a hand-held Olympus Innov-X Spectrum Analyser. This portable device provides immediate analysis of modal mineralogy of drill samples. The device is unable to reliably detect gold in samples but is useful in determining the geochemistry character of the geological features encountered in drilling. It is considered to be more reliable for base metal assessment.

Results from XRF analysis are stated as indicative only, and are preliminary to subsequent confirmation by geochemical analysis at SGS Laboratories. There are many variables in the field that can affect the accuracy of the XRF readings and formal laboratory geochemical analysis is required to confirm mineralogy of drill samples.

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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 Mr Tim Hronsky who is a member of the Australasian Institute of Mining and Metallurgy and 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.