

ST GEORGE MINING LIMITED

ACN 139 308 973

LOYALTY OPTION ISSUE PROSPECTUS

For a pro-rata non-renounceable entitlement issue of 31,500,000 Loyalty Options on the basis of one (1) Loyalty Option for every two (2) Shares held by Shareholders at an issue price of \$0.01 per Loyalty Option, to raise approximately \$315,000 (**Offer**).

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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1. IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisers.

This Prospectus is dated 19 October 2011 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is that date which is 13 months after the date of this Prospectus (**Expiry Date**). No Loyalty Options will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Loyalty Options offered pursuant to the Offer under this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

TRANSACTION SPECIFIC PROSPECTUS

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

ELECTRONIC PROSPECTUS

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

2. INVESTMENT OVERVIEW

2.1 Important Notice

This Section is not intended to provide full information for investors intending to apply for Securities offered pursuant to this Prospectus. This Prospectus should be read and considered in its entirety.

2.2 Summary of the Offer

By this Prospectus, the Company offers for subscription approximately 31,500,000 Loyalty Options on the basis of one (1) Loyalty Option for every two (2) Shares held.

Fractional entitlements will be rounded up to the nearest whole number.

The Loyalty Options issued will be exercisable at \$0.20 on or before 28 November 2014.

2.3 Timetable and important dates*

Lodgement of Prospectus and Appendix 3B with ASIC, announcement of Loyalty Option Issue and dispatch of letters to Optionholders	19 October 2011
Notice sent to Shareholders	31 October 2011
Ex Date for determining Entitlements	2 November 2011
Record Date for determining Entitlements	8 November 2011
Prospectus dispatched to Shareholders and announcement that dispatch has been completed	14 November 2011
Closing Date of Offer	5:00pm (WST) on 30 November 2011
Securities quoted on a deferred settlement basis	1 December 2011
Notify ASX of under-subscriptions	5 December 2011
Dispatch date/Loyalty Options entered into Shareholders' security holdings	8 December 2011
Trading of Loyalty Options issued pursuant to the Offer expected to commence on ASX	9 December 2011

*These dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act, the ASX Listing Rules and other applicable laws, to vary the dates of the Offer, including, but not limited to, extending the Closing Date or accepting late applications, either generally or in particular cases, without notifying you. You are encouraged to submit your application as soon as possible. Any extension of the Closing Date will have a consequential effect on the date of the issue of the Loyalty Options. The Offer does not require the approval of Shareholders.

2.4 Purpose of the Offer

The purpose of the Offer contained in this Prospectus is to:

- (a) issue the Loyalty Options initially referred to in the IPO Prospectus and re-affirmed in the Entitlement Issue Prospectus;
- (b) raise approximately \$315,000 (before expenses); and
- (c) provide working capital for the Company.

2.5 Use of Funds Raised

The proceeds of the Offer are planned to be used in accordance with the table set out below:

Proceeds of the Offer	Subscription (\$)
Working capital	300,207
Expenses of the Offer	14,793
Total	315,000

Notes:

¹The estimated expenses of the Offer, are set out below in Section 2.11.

The above table is a statement of current intentions as of the date of lodgement of this Prospectus with the ASIC. As with any budget, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied. The Board reserves the right to alter the way funds are applied on this basis.

2.6 Effect of the Offer

The principal effect of the Offer will be to:

- (a) increase the cash reserves by approximately \$300,207 immediately after completion of the Offer after deducting the estimated expenses of the Offer; and
- (b) increase the number of Options on issue from 16,550,000 prior to the date of this Prospectus to approximately 48,050,000 following completion of the Offer.

2.7 Effect on capital structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offer is set out below, assuming that the Offer is fully subscribed.

Shares	Number
Shares on issue at date of Prospectus	63,000,000
Shares now offered	Nil
Total Shares on issue after completion of the Offer	63,000,000
Performance Shares	Number
Performance Shares on issue at date of Prospectus ¹	100
Performance Shares now offered	Nil
Total Performance Shares on issue after completion of the Offer	100

Options	Number
Options currently on issue at date of Prospectus	16,550,000 ²
Loyalty Options now offered	31,500,000
Total Options on issue after completion of the Offer	48,050,000

Notes:

¹ Each Performance Share will convert into 100,000 Shares in the Company upon the first to occur of the following events:

- a. A Company Project attains a measured JORC Code compliant inferred resource of at least 1,000,000 ounces of gold;
- b. A Company Project attains a measured JORC Code compliant inferred resource of at least 50,000 tonnes of contained nickel;
- c. The market capitalisation of the Company is greater than \$50,000,000 for a minimum of 30 consecutive trading days, based on the volume weighted average price of ordinary shares quoted on ASX;
- d. A Company Project (or any part of it) is sold for a value of at least \$25,000,000 in cash and/or assets of equivalent value; or
- e. A joint venture is entered into for a Company Project and payments of at least \$25,000,000 in cash and/or assets of equivalent value are paid to the Company as a part of the arrangement.

(together the **Milestones**).

If a Milestone is not achieved on or prior to the date which is 5 years after the date the Company is admitted to the Official List (which is 12 November 2015), then each Performance Share will convert into one Share.

² Options are exercisable at \$0.20 on or before 28 November 2014.

2.8 The Company and its Business Model

St George Mining Limited was incorporated on 19 October 2009 and has two wholly owned subsidiaries:

- (a) Desert Fox Resources Pty Limited (ACN 139 768 237) (which owns 100% of the Company's East Laverton property); and
- (b) Blue Thunder Resources Pty Ltd (ACN 142 451 483) (which holds the Company's 80% interest in the Pine Creek property).

The corporate strategy of the Company is to achieve long term growth in shareholder wealth through the discovery and development of major ore deposits.

The Company's near-term aim is to explore the East Laverton and Pine Creek properties (together, **the Projects**), with the aim of developing mining projects with economic resource inventories.

The Company considers these properties to be exploration projects that are prospective for major mineral discoveries.

The previous explorers at these properties have expended considerable funds to progress the geological understanding of the properties, resulting in the

identification of numerous mineral targets for further investigation. This significantly reduces the exploration risk for the Company.

2.9 Directors' interests

Other than as set out below, in the IPO Prospectus, Entitlement Issue Prospectus or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer pursuant to this Prospectus.

The Directors' interests in securities of the Company at the date of this Prospectus are: ¹

Name	Shares	Options	Performance Shares	Entitlement (Loyalty Options)	Annual Remuneration (\$)
Marcus Michael	2,810,668 ²	702,670 ⁶	15	1,405,334	76,000 ⁷
John Prineas	10,054,221 ³	2,431,056 ⁶	30	5,027,111	180,000 ⁷
Timothy Hronsky	1,062,500 ⁴	Nil	10	531,250	180,000 ⁷

Notes:

¹ Each of the Directors has indicated that it is their present intention to subscribe for their full Entitlement under the Offer.

² 12,000 Shares are held directly by Marcus Michael. 1,453,334 Shares are held by Riverfront Nominees Pty Ltd as trustee for the MCM Family Account (of which Marcus Michael is a director and shareholder of which 1,111,111 of these Shares are escrowed until 16 November 2012). 1,333,334 Shares are held by Osiris Capital Investments Pty Ltd (of which Marcus Michael is a director and shareholder of which 1,111,111 of these Shares are escrowed until 16 November 2012). 12,000 Shares are held by Marcus Michael and Kathryn Michael as trustees for the Riverfront Superfund Account (of which Marcus Michael is a member).

³ 9,109,021 Shares are held directly by John Prineas (with 6,844,177 of them being escrowed until 16 November 2012). 741,200 Shares are held by Zeus Private Equity Pty Ltd (of which John Prineas is a director and shareholder). 204,000 Shares are held by Zeus Super Pty Ltd as trustee for the Zeus Super Fund Account of which John Prineas is a director and shareholder.

⁴ 1,062,500 shares held directly by Timothy Hronsky. 912,500 of these Shares are escrowed until 16 November 2012.

⁵. 3,000 Options are held directly by Marcus Michael. 363,335 Options are held by Riverfront Nominees Pty Ltd as trustee for the MCM Family Account (which which Marcus Michael is a director and shareholder). 333,335 Options are held by Osiris Capital Investments Pty Ltd (of which Marcus Michael is a shareholder and director). 3,000 Options are held by Marcus Michael and Kathryn Michael as trustees of the Riverfront Superfund Account (of which Marcus Michael is a member).

⁶. 2,199,756 Options are held directly by John Prineas. 180,300 Options are held by Zeus Private Equity Pty Ltd (of which John Prineas is a director and shareholder). 51,000 Options are held by Zeus Super Pty Ltd as trustee for the Zeus Super Fund Account (of which John Prineas is a director and shareholder).

⁷. This figure is exclusive of superannuation.

The Constitution of the Company provides that the Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in general meeting, to be divided among the Directors and in default of agreement then in equal shares. The Company paid to the Directors fees totalling \$377,646 for the year ended 30 June 2011 and \$114,858 for the current financial year to 30 September 2011. Directors, companies associated with the directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

Marshall Michael Pty Ltd, Chartered Accountants, is a related party to the Company by virtue of Mr Michael being a director of Marshall Michael Pty Ltd. The Company paid Marshall Michael Pty Ltd \$99,869 for the year ended 30 June 2011 and \$40,219 for the current financial year to 30 September 2011, for accounting, bookkeeping and secretarial services provided to the Company on ordinary commercial terms.

2.10 Key Risks

The Directors are of the view that the Securities offered under this Prospectus should be considered speculative because of the nature of the Company's business and that an investment in the Company is subject to a number of risks.

Set out below is a summary of the key risk factors which should be considered before subscribing for Shares under this Prospectus. This list is not exhaustive and potential Applicants should examine the contents of this Prospectus and consult their professional advisers before deciding whether to apply for Securities.

Full details of risks are set out in Section 7 of this Prospectus.

Risk Area	Risks
Uranium Mining	<p>The Company will be exploring for uranium at its Pine Creek Property. Uranium mining in Australia is subject to extensive regulation by Commonwealth, State and Territory Governments. Accordingly, the approval processes for uranium mining are more rigorous than for the mining of other metals. Compliance with such laws and regulations will increase the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.</p> <p>Whilst the Company is not restricted from exploration and evaluation of its uranium deposits, the development of uranium</p>

deposits will be subject to strict conditions. Future changes in governments, regulations and policies may have an adverse impact on the Company.

2.11 Estimated expenses of Offer

In the event that the Offer is fully subscribed, the estimated expenses of the Offer are as follows:

	\$
ASIC fees	2,137
ASX fees	2,656
Legal expenses	10,000
Total	14,793

3. CORPORATE DIRECTORY

Directors

Mr John Prineas
Executive Chairman

Mr Tim Hronsky
Executive Director

Mr Marcus Michael
Non-Executive Director

Solicitors

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Company Secretary

Mr Marcus Michael

Auditors*

Stantons International Pty Ltd trading
as Stantons International Securities
1st Floor
1 Havelock Street
WEST PERTH WA 6005

Registered Office

Level 1, 115 Cambridge Street
WEST LEEDERVILLE WA 6007

Telephone: +61 8 9322 6600
Facsimile: +61 8 9322 6610

Share Registry*

Computershare Investor Services Pty Ltd
Level 2, Reserve Bank Building
45 St George's Terrace
PERTH WA 6000

GPO Box D182
PERTH WA 6840

Telephone: +61 8 9323 2000
Facsimile: +61 8 9323 2033

Website

www.stgeorgemining.com.au

ASX Code

SGQ

General Enquiries

Telephone: +61 8 9322 6600

*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

4. DETAILS OF THE OFFER

4.1 Offer

By this Prospectus, the Company offers for subscription approximately 31,500,000 Loyalty Options pursuant to a pro-rata non-renounceable entitlement issue to Shareholders on the basis of one (1) Loyalty Option for every two (2) Shares held on the Record Date an issue price of \$0.01 per Loyalty Option.

The Loyalty Options issued pursuant to the Offer will be exercisable at \$0.20 on or before 28 November 2014. The Company will apply for quotation of the Loyalty Options on ASX. Refer to Section 6.2 of this Prospectus for the full terms of the Loyalty Options.

Based on the capital structure of the Company, the maximum number of Loyalty Options to be issued pursuant to the Offer is approximately 31,500,000. The Offer will raise approximately \$315,000. The purpose of the Offer and the use of funds raised are set out in 2.5 of this Prospectus.

Fractional entitlements will be rounded up to the nearest whole number.

4.2 How to accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
 - (i) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
 - (ii) attach your cheque for the amount indicated on that relevant Entitlement and Acceptance Form; or
- (b) if you only wish to accept part of your Entitlement:
 - (i) fill in the number of Securities you wish to accept in the space provided on the Entitlement and Acceptance Form; and
 - (ii) attach your cheque for the appropriate application monies (at \$0.01 per Loyalty Option) or pay via BPAY by following the instructions set out on the Entitlement and Acceptance Form; or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "**St George Mining Limited – Trust Account**" and crossed "**Not Negotiable**".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00pm WST (8:00pm AEDST) on the Closing Date. Alternatively, Applicants may pay via BPAY by following the

instructions set out on the Entitlement and Acceptance Form (Applicants should ensure they include their reference number if paying by BPAY).

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

4.3 Minimum subscription

The minimum subscription in respect of the Offer is \$315,000.

No Shares will be allotted or issued until the minimum subscription has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the Application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their Application and be repaid their Application monies.

4.4 Maximum Subscription

The maximum subscription in respect of the Offer is \$315,000.

4.5 Underwriting

The Offer is not underwritten.

4.6 Shortfall Offer

If you do not wish to take up any part of your Entitlement you are not required to take any action. That part of your Entitlement not taken up will form part of the Shortfall. Shareholders who wish to apply for Shares above their Entitlement can complete the Shortfall Application Form attached to the back of this Prospectus and return it, together with a cheque for the value of those Shortfall Shares (at \$0.01 per Loyalty Option) to the Company.

The offer of the Shortfall is a separate offer pursuant to this Prospectus. The issue price of any Loyalty Options offered pursuant to the Shortfall Offer shall be \$0.01 being the price at which the Entitlement has been offered to Shareholders pursuant to this Prospectus. The Shortfall shall be placed at the discretion of the Company. The Company reserves the right to allot to an applicant a lesser number of Shortfall Shares than the number for which the applicant applies, or to reject an application, or to not proceed with placing all or part of the Shortfall.

4.7 Australian Securities Exchange Listing

Application for official quotation by ASX of the Loyalty Options offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. The Company will apply to list the Loyalty Options together with the existing Options issued by the Company and listed under ASX code SGQO. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus (or such period as modified by the ASIC), the Company will not issue any Loyalty Options and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Loyalty Options is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

4.8 Allotment of Loyalty Options

Loyalty Options issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the Loyalty Options on the basis of a Shareholder's Entitlement. Where the number of Loyalty Options issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Loyalty Options or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

4.9 Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Loyalty Options these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Loyalty Options will not be issued to Shareholders with a registered address which is outside Australia.

4.10 Taxation implications

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Loyalty Options under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Loyalty Options offered pursuant to this Prospectus.

4.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company will apply to ASX to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Loyalty Options allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

4.12 Privacy

If you complete an application for Loyalty Options, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company's Share Registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Loyalty Options, the Company may not be able to accept or process your application.

5. FINANCIAL INFORMATION

The unaudited consolidated statement of financial position as at 30 September 2011 and the unaudited Pro Forma consolidated statement of financial position as at 30 September 2011 shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Options pursuant to the Offer in this Prospectus are issued.

The unaudited consolidated statement of financial position has been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Unaudited Consolidated Statement of Financial Position and Unaudited Pro Forma Consolidated Statement of Financial Position as at 30 September 2011

	NOTES	UNAUDITED CONSOLIDATED 30 SEPTEMBER 2011 ACTUAL \$	UNAUDITED CONSOLIDATED 30 SEPTEMBER 2011 PRO-FORMA \$
CURRENT ASSETS			
Cash and cash equivalents	1	2,275,834	2,576,041
Trade and other receivables		48,650	48,650
TOTAL CURRENT ASSETS		2,324,484	2,624,691
NON-CURRENT ASSETS			
Exploration and evaluation costs		413,411	413,411
TOTAL NON-CURRENT ASSETS		413,411	413,411
TOTAL ASSETS		2,737,895	3,038,102
CURRENT LIABILITIES			
Trade and other payables		317,053	317,053
TOTAL CURRENT LIABILITIES		317,053	317,053
TOTAL LIABILITIES		317,053	317,053
NET ASSETS		2,420,842	2,721,049
EQUITY			
Net issued capital		5,963,976	5,963,976
Reserves	2	49,840	350,047
Accumulated losses		(3,592,974)	(3,592,974)
TOTAL EQUITY		2,420,842	2,721,049

NOTES TO THE UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ACTUAL AND PROPOSED TRANSACTIONS TO ARRIVE AT PRO-FORMA UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Proposed transactions adjusting the 30 September 2011 unaudited consolidated statement of financial position for St George Mining in the 30 September 2011 pro-forma consolidated statement of financial position of St George Mining is as follows:

- (a) Issue of 31,500,000 options at \$0.01 per share to raise a gross \$315,000;
- (b) Payment of cash expenses of the loyalty option issue prospectus, issue costs totalling an estimated \$14,793 and the expensing of such costs against share equity.

	NOTE	UNAUDITED CONSOLIDATE D 30 SEPTEMBER 2011 ACTUAL \$	UNAUDITED CONSOLIDATE D 30 SEPTEMBER 2011 PRO-FORMA \$
1. CASH ASSETS			
The movements in cash assets are as follows:			
Unaudited 30 September 2011		2,275,834	2,275,834
Issue of share pursuant to prospectus	(a)	-	315,000
Prospectus issue costs	(b)	-	(14,793)
		<u>2,275,834</u>	<u>2,576,041</u>

	NOTE	UNAUDITED CONSOLIDATE D 30 SEPTEMBER 2011 ACTUAL \$	UNAUDITED CONSOLIDATE D 30 SEPTEMBER 2011 PRO-FORMA \$
2. RESERVES			
Options			
15,750,000 options issued at 7 and 13 September 2011		-	-
800,000 options issued 8 September 2011		49,840	49,840
31,500,000 options issued pursuant to this prospectus	(a)	-	315,000
		<u>49,840</u>	<u>364,840</u>
Less: estimate option issue costs	(b)	-	(14,793)
		<u>49,840</u>	<u>350,047</u>

6. RIGHTS AND LIABILITIES ATTACHING TO THE SECURITIES

6.1 Terms of Loyalty Options

The Loyalty Options to be issued pursuant to the Offer entitle, or will entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each Loyalty Option gives the Loyalty Optionholder the right to subscribe for one (1) Share.
- (b) The exercise price payable upon exercise of each Loyalty Option is 20 cents (**Exercise Price**).
- (c) The Loyalty Options have an expiry date of 5.00pm (WST) 28 November 2014 (**Expiry Date**). Any Loyalty Option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (d) All or part of the Loyalty Options may be exercised at any time prior to the Expiry Date, from time to time.
- (e) A Loyalty Optionholder may exercise their Loyalty Options by lodging with the Company, before the Expiry Date:
 - (i) a written notice of exercise of Loyalty Options specifying the number of Loyalty Options being exercised; and
 - (ii) a cheque or electronic funds transfer for the Exercise Price for the number of Loyalty Options being exercised,

(Exercise Notice).
- (f) An Exercise Notice is only effective when the company has received the full amount of the Exercise Price in cleared funds.
- (g) Within 5 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price, the Company will allot the number of Shares required under these terms and conditions in respect of the number of Loyalty Options specified in the Exercise Notice.
- (h) All Shares allotted upon the exercise of the Loyalty Options will upon allotment rank pari passu in all respects with other Shares.
- (i) The Company will apply for quotation of the Loyalty Options on ASX.
- (j) The Company will also apply for quotation by ASX of all Shares allotted pursuant to the exercise of the Loyalty Options within 10 Business Days after the date of allotment of those Shares.
- (k) In the event of any reorganisation (including consolidation, sub-division, reduction or return) of the issued capital of the Company before the expiry of any options, the number of Loyalty Options to which a Loyalty Optionholder is entitled or the Exercise Price of the Loyalty Options or both will be reconstructed (as appropriate) in accordance with the Listing Rules.
- (l) A Loyalty Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Loyalty Option can be exercised.

- (m) There are no participating rights or entitlements inherent in the Loyalty Options and Loyalty Optionholders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure that for the purposes of the proposed issue notice of the new issue will be given to Loyalty Optionholders at least seven (7) Business Days before the record date. This will give Loyalty Optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue.

6.2 Rights Attaching to Shares (being the underlying security)

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

(a) General meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

(b) Voting rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

(c) Dividend rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Transfer of Shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

(f) **Future increase in capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(g) **Variation of rights**

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

7. RISK FACTORS

Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Loyalty Options. Potential Applicants should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

SPECIFIC RISKS

7.1 Uranium Mining

The Company will be exploring for uranium at its Pine Creek property. Uranium mining in Australia is subject to extensive regulation by Commonwealth, State and Territory Governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. Accordingly, the approval processes for uranium mining are more rigorous than for the mining of other metals. Compliance with such laws and regulations will increase the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

The Federal Government currently permits the mining and export of uranium under strict international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries who undertake to use it for peaceful purposes.

Whilst the Company is not restricted from exploration and evaluation of its uranium deposits, the development of uranium deposits will be subject to the strict conditions outlined above. Future changes in governments, regulations and policies may have an adverse impact on the Company.

GENERAL RISKS

7.2 Economic risks

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of the Company's quoted Securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (a) general economic outlook;
- (b) interest rates and inflation rates;
- (c) currency fluctuations;
- (d) changes in investor sentiment toward particular market sectors;

- (e) the demand for, and supply of, capital; and
- (f) terrorism or other hostilities.

7.3 Exploration success

The Company's Projects are at an early stage of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the Projects, or any other projects that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its tenements and obtaining all required approvals for its activities. In the event that exploration programmes prove to be unsuccessful this could lead to a diminution in the value of the Projects, a reduction in the cash reserves of the Company and possible relinquishment of the tenements.

7.4 Operating risks

The operations of the Company may be affected by various factors, including failure to locate or identify mineral deposits; failure to achieve predicted grades in exploration and mining; operational and technical difficulties encountered in mining; difficulties in commissioning and operating plant and equipment; mechanical failure or plant breakdown; unanticipated metallurgical problems which may affect extraction costs; adverse weather conditions; industrial and environmental accidents; industrial disputes; and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Having been incorporated on 19 October 2009, the Company does not have any significant operating history. However, it should be noted that the Directors have between them significant operational experience. No assurances can be given that the Company will achieve commercial viability through the successful exploration and/or mining of its Projects. Until the Company is able to realise value from its Projects, it is likely to incur ongoing operating losses.

7.5 Exploration targets and resource estimates

The Company has identified a number of exploration targets based on geological interpretations and data and historical drilling. Insufficient data however exists to provide certainty of the mineralisation. Whilst the Company intends to undertake additional exploratory work with the aim of defining a resource, no assurances can be given that additional exploration will result in the determination of a resource. Even if a resource is identified, no assurance can be provided that it can be economically extracted.

Resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which were valid when originally

calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

7.6 Commodity price volatility and exchange rate risks

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of commodities exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Company are and will be taken into account in Australian currency. This exposes the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

7.7 Environmental risks

The operations and proposed activities of the Company are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or mine development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

In this regard, the Department of Industry and Resources of Western Australia, from time to time, reviews the environmental bonds that are placed on tenements. The Directors are not in a position to state whether a review is imminent or whether the outcome of such a review would be detrimental to the funding needs of the Company.

7.8 Insurance risks

The Company intends to insure its operations in accordance with industry practice. However, in certain circumstances, the Company's insurance may not be of a nature or level to provide adequate insurance cover. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

Insurance against all risks associated with mining exploration and production is not always available and where available the costs can be prohibitive.

7.9 Competition risk

The industry in which the Company will be involved is subject to domestic and global competition. Although the Company will undertake all reasonable due diligence in its business decisions and operations, the Company will have no influence or control over the activities or actions of its competitors, which

activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

7.10 Title risk and Native Title

Interests in tenements in Australia are governed by the respective State legislation and are evidenced by the granting of licences or leases. Each licence or lease is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance. Consequently, the Company could lose title to or its interest in its tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

The tenements may extend over areas in which legitimate common law native title rights of indigenous Australians exist. The ability of the Company to gain access to its tenements and to conduct exploration, development and mining operations remains subject to any applicable native title rights and the terms of registered native title agreements.

The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

7.11 Contract risk

The Company's interest in the assets the subject of Pine Creek project are the subject of contractual option and joint venture arrangements, the terms of which are fully described in the Solicitor's Report in section 7 of the IPO Prospectus. Failure by other parties to comply with contractual obligations may adversely affect the interests of the Company.

7.12 Additional requirements for capital

The Company's capital requirements depend on numerous factors. Depending on the Company's ability to generate income from its operations, the Company may require further financing in addition to amounts raised under the capital raising. Any additional equity financing will dilute shareholdings. Debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

7.13 Reliance on key management

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

7.14 Market conditions

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

7.15 Security investments

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

7.16 Legislative changes, Government policy and approvals

Changes in government regulations and policies may adversely affect the financial performance of the Company. For example, any increased rentals under the Mining Act may impact on the Company's actual financial statements. The Company's capacity to explore and mine, in particular the Company's ability to explore and mine any reserves, may be affected by changes in government policy, which are beyond the control of the Company.

7.17 Future capital requirements

The Company's ongoing activities will require substantial expenditures. There can be no guarantee that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to continue to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional fundraising on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

7.18 Reliance on key personnel and employees

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

In addition, Western Australia is currently experiencing a shortage of skilled labour including those skills utilised in the mining industry. The Company cannot guarantee that its mining and exploration activities will not be negatively affected by an inability to employ appropriately skilled staff.

7.19 Investment speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Loyalty Options offered under this Prospectus. Therefore, the Loyalty Options to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that an investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Loyalty Options pursuant to this Prospectus.

8. ADDITIONAL INFORMATION

8.1 Continuous disclosure obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (i) the financial statements of the Company for the financial year ended 30 June 2011 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
 - (ii) any half year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for

the year ended 30 June 2011 lodged with ASIC before the issue of this Prospectus; and

- (iii) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 2011 audited financial statements:

Date	Description of Announcement
06/10/2011	Pine Creek – Exploration Update

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website www.stgeorgemining.com.au.

8.2 Interests and consents of experts and advisers

Other than as set out below or elsewhere in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of securities pursuant to this Prospectus; or
- (c) the Offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this

Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$10,000 for services in relation to this Prospectus. In the past two (2) years, Steinepreis Paganin has been paid approximately \$ 166,247 by the Company.

8.3 Legal proceedings

There is no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

8.4 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: \$0.19 on 13 September 2011

Lowest: \$0.14 on 3 October 2011.

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was \$0.155 on 18 October 2011.

8.5 Electronic Prospectus

Pursuant to Class Order 00/044, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the application form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

9. DIRECTORS' CONSENT

Each of the Directors of St George Mining Limited has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act

Dated the 19th day of October 2011

**John Prineas
Director**

**Signed for and on behalf of
ST GEORGE MINING LIMITED**

10. DEFINITIONS

AEDST means Australian Eastern Daylight Savings Time as observed in Sydney, New South Wales.

Applicant means a Shareholder or Underwriter or other party instructed by the Underwriter who applies for Securities pursuant to the Offer.

ASIC means the Australian Securities and Investments Commission.

ASTC Settlement Rules means the settlement rules of the securities clearing house which operates CHES.

ASX means the ASX Limited (ACN 008 624 691).

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date of the Offer, being 5:00pm (WST) on 30 November 2011 (unless extended).

Company means St George Mining Limited (ACN 139 308 973).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001*(Cth).

Directors means the directors of the Company at the date of this Prospectus.

Dollar or "\$" means Australian dollars.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Entitlement Issue Prospectus means the Prospectus issued by the Company on 5 August 2011.

IPO Prospectus means the prospectus issued by the Company in relation to its initial public offer dated 18 August 2010.

Issue means the issue of Loyalty Options offered by this Prospectus.

JORC Code means the Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Listing Rules or **ASX Listing Rules** means the Listing Rules of the ASX.

Loyalty Option means the Options issued pursuant to this Prospectus on the terms and conditions set out in Section 6.1 of this Prospectus.

Loyalty Optionholder means the holder of a Loyalty Option.

Offer means the pro rata non-renounceable entitlement issue of approximately 31,500,000 Loyalty Options on the basis of one (1) Loyalty Option for every two

(2) Shares held by Shareholders on the Record Date at an issue price of \$0.01 per Loyalty Option to raise approximately \$315,000 exercisable at \$0.20 on or before 28 November 2014.

Official List means the official list of ASX.

Option means an option to acquire a Share.

Performance Share means a performance share in the capital of the Company on the terms set out in Section 2.7 of this Prospectus.

Projects means the Pine Creek project and East Laverton project together.

Prospectus means this prospectus.

Quotation and **Official Quotation** means official quotation on ASX.

Record Date means 5:00pm (WST) on 8 November 2011.

Related Corporation has the meaning given to that term in the Corporations Act.

Securities means Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Share Registry means Computershare Investor Services Pty Ltd

Shortfall means those Shares under the Offer not applied for by Shareholders under their Entitlement.

Shortfall Application Form means the shortfall application form attached to or accompanying this Prospectus.

WST means Australian Western Standard Time.