ST GEORGE MINING LIMITED

ACN 139 308 973

ANNUAL REPORT 2012

CORPORATE DIRECTORY

Board of Directors
John Prineas - Executive Chairman
Tim Hronsky - Executive Director
Marcus Michael - Non-Executive Director

Company Secretary
Sarah Shipway

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Share Register
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Stock Exchange Code
SGQ – Ordinary Shares
SGQO – Listed Options

Solicitors
Steinepreis Paganin

Auditors
Stantons International

Bankers
Commonwealth Bank

ST GEORGE MINING LIMITED

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RC drilling of gold targets in 2011 at the East Laverton Property

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report of St George Mining Limited for the financial year ended 30 June 2012.

The Company continues its focus on exploration for new, large scale discoveries of base and precious metals resources in under-explored regions of Australia. This requires dedication to a systematic exploration strategy and patience.

The Board and our consultants have the commitment and drive to deliver exploration success and create shareholder wealth.

In the past financial year, St George has continued to build on its bank of detailed exploration data. This has enabled the Company to identify new and large mineral systems at its properties, and to then define priority targets for drill testing. We believe the Company's investment in building this solid foundation has brought us closer to the point of a major discovery.

Important milestones achieved at the East Laverton Property during the year include:

- Confirmation of large gold systems at Desert Dragon and Balmoral, with intersections of significant intervals of disseminated sulphides drilled beneath gold soil anomalies
- Identification of a new, priority gold target at Athena, a gold-silver-copper anomaly with a strike of over 1,000 m
- Identification of an outstanding rare earths target at Red Dragon, where an extensive carbonatite alteration system with highly anomalous rare earth element values has been identified by a soil geochemistry survey
- Confirmation of a significant and advanced nickel sulphide target at the Cambridge Prospect, with an EM anomaly extending at least 1,000 m
- Completion of 8,560m of RC drilling at Project Dragon (nickel sulphide targets), with assays pending

At the Pine Creek Property, our diamond drilling and soil sampling confirmed a large gold system and we have also identified a rare earths target with highly anomalous levels of rare earth elements in the drill core.

These achievements increase our confidence that very exciting times are ahead for St George Mining.

John Prineas
Executive Chairman

EAST LAVERTON - GOLD EXPLORATION

A large multi-phase exploration programme was completed during the 2011 field season, the first full field season since St George Mining listed on the Australian Securities Exchange (ASX) in November 2010. This programme is ongoing with further field work to be undertaken in the second half of 2012.

The 2011 field campaign has been successful in confirming the potential of the East Laverton Property to host significant gold mineralisation.

The East Laverton Property is largely under cover (i.e. covered by sand and transported soils) and the Company has extensively used multi-element MMI ("mobile metal ion") geochemical soil surveys to identify and map the mineral systems at the East Laverton Property. Several large areas anomalous in gold have been identified by the MMI surveys and the staged test drilling of these anomalies commenced in 2011.

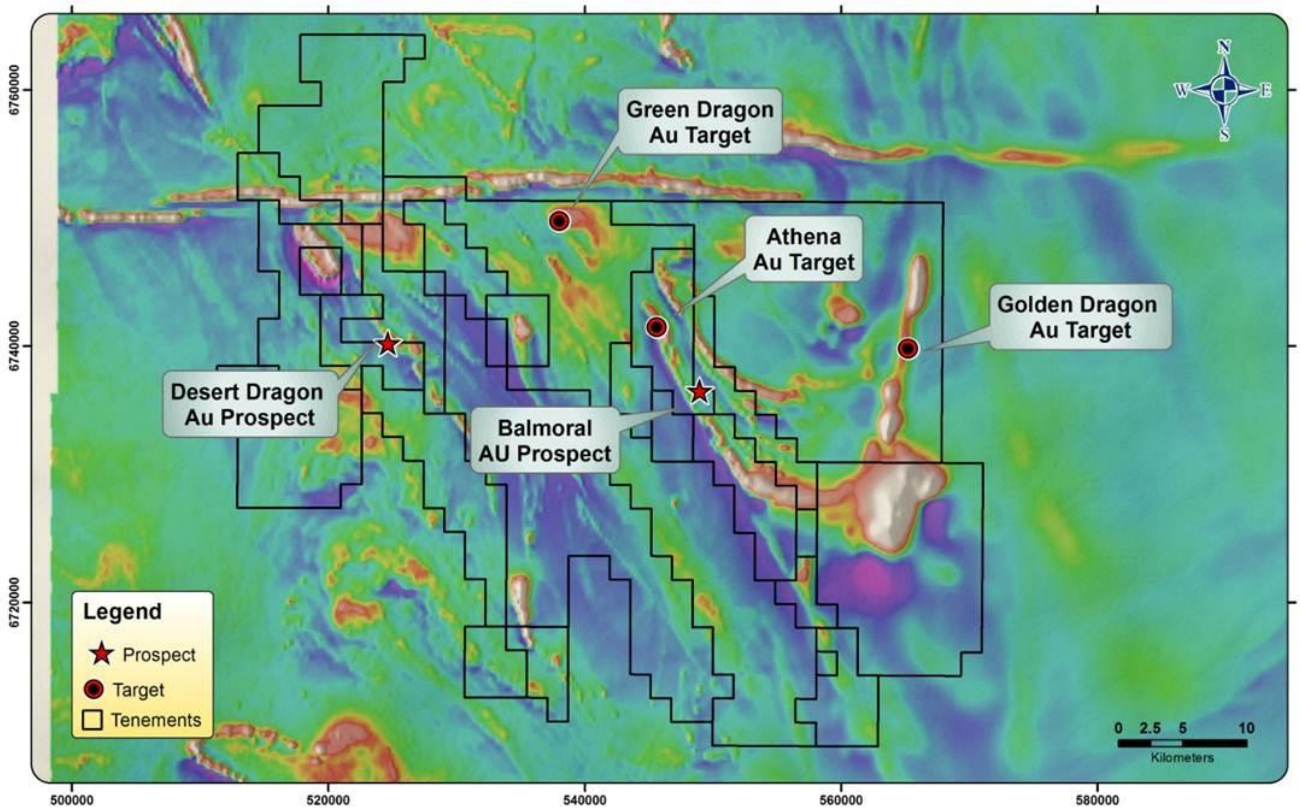
Drilling at the Desert Dragon and Balmoral gold prospects has intersected visibly altered basement rocks with significant intervals of disseminated sulphides. Assay results demonstrated numerous intervals of anomalous gold mineralisation throughout the drill holes.

These gold intercepts are particularly encouraging. They confirm a link between the gold responses seen in the MMI surface geochemistry and the bedrock mineralisation encountered during drilling, within areas where gold mineralisation had not been previously recognised.

Other key milestones achieved in the 2011 field campaign included:

1. An airborne magnetics survey over the Balmoral area has identified a strong magnetic response associated with unusual gold and molybdenum (Au + Mo) geochemical anomalies.
2. Drilling has confirmed this magnetic response, coincident with the gold and molybdenum (Au + Mo) geochemical signature, appears to be associated with late-stage mafic granites. The unusually strong Mo signature, within a greenstone dominant area, suggests the hydrothermal gold fluids at Balmoral contain a strong mantle component, a feature which is often associated with higher grade gold mineralisation.
3. At the Athena prospect, a review of an existing MMI geochemical soil survey and the airborne magnetic data confirmed a 1,000m gold-silver-copper anomaly occurring in a structurally controlled mafic corridor between two granites – a typical structural setting for gold mineralisation in the Eastern Goldfields.
4. A regional MMI soil geochemical survey conducted in the north of the East Laverton Property has defined a new gold anomaly ("Green Dragon") over a northerly 5,000 m trend. The Green Dragon prospect is proximal to the historic Crown gold prospect where drilling by previous explorers intersected numerous zones of low grade gold mineralisation. Further work will be undertaken in this emerging area.

St George Mining is currently planning its 2012 drilling campaign which is likely to consist of further RC drilling at Desert Dragon and Balmoral as well as the inaugural test drilling at Athena.



St George Mining Limited East Laverton Project Tenements Over Aeromagnetics

EAST LAVERTON – NICKEL EXPLORATION

St George Mining has identified the Cambridge Nickel Prospect, a significant and advanced nickel sulphide target that is located on a tenement that is not within the Project Dragon nickel exploration joint venture.

A large ovoid ultramafic body (4,000 m x 1,500 m) lies within the Cambridge Prospect and appears to represent a large komatiite channel flow, the local control of nickel sulphide mineralisation. This ultramafic body was identified through a combination of magnetic geophysics, very high nickel values (+2,000 to +8,000 ppbNi) in soil geochemistry and ground reconnaissance work.

The ultramafic body is a prominent magnetic target and this likely reflects the alteration of the high MgO minerals in the underlying fresh ultramafic rock.

The basal contact of the ultramafic body is interpreted to be on the eastern margin of the ultramafic body, where it has been mapped geochemically using the antipathetic relationship between nickel and cerium (Ni-Ce). There is a strong coincidence between the inferred basal contact and the main electromagnetic anomaly (conductor) identified by a TEM moving loop geophysical survey. This is significant as nickel ore bodies, which are highly conductive, are typically situated on the basal contact.

Further testing of this main EM conductor and the broader potential of this nickel target will be undertaken in 2012 and 2013.

Drilling at the East Laverton Property in late 2011.

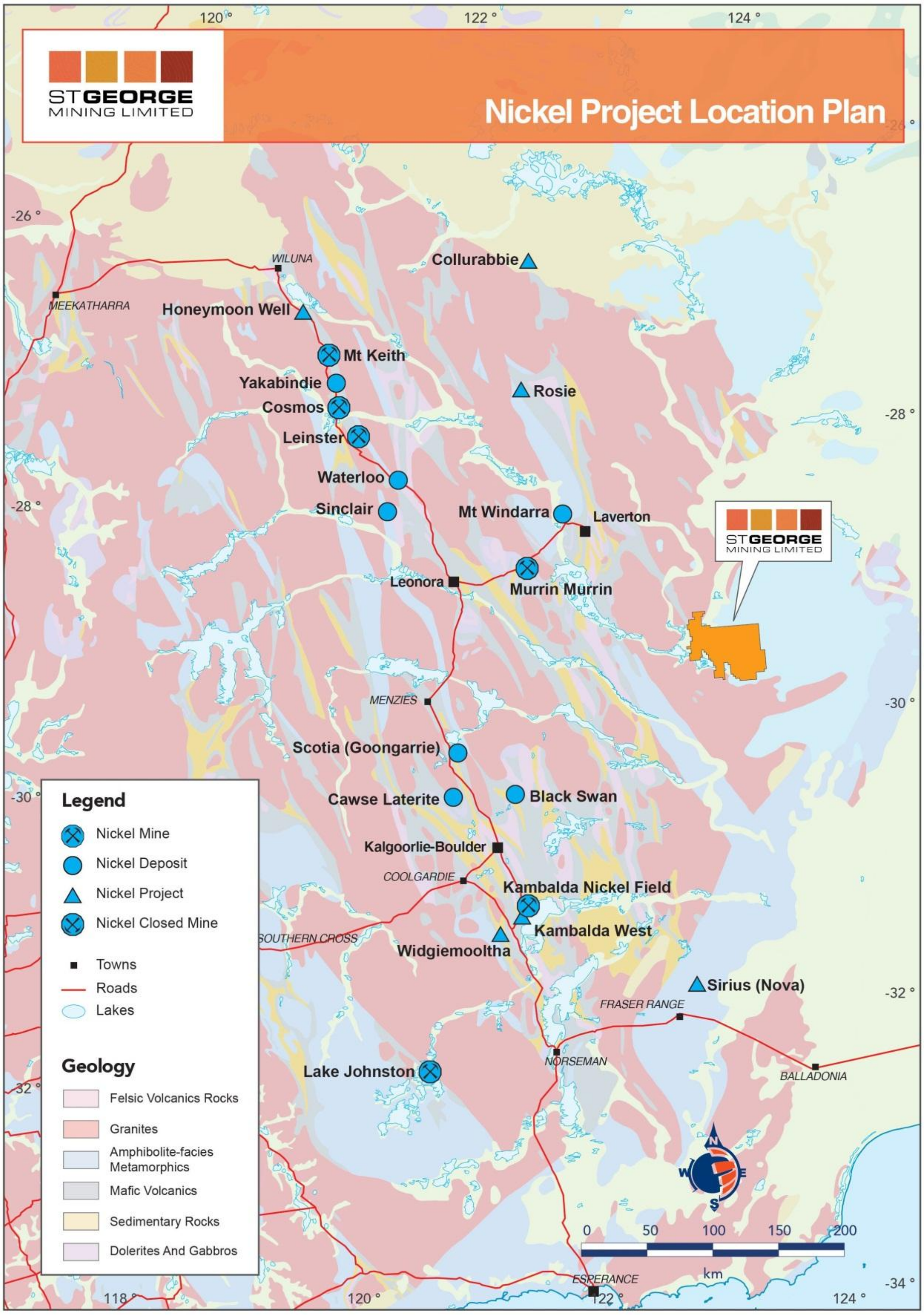
NICKEL EXPLORATION – PROJECT DRAGON

Project Dragon is the farm-in arrangement whereby BHP Billiton Nickel West Pty Limited ("the Partner") may earn an interest in the nickel rights at certain of the tenements at the East Laverton Property.

During the year, a RC drilling programme was completed to test 7 nickel target areas identified by the Partner on certain tenements covered by the farm-in arrangement. The drilling was sole funded by the Partner.

A total of 8,560m were drilled for 35 holes. Assay results for the drilling programme are pending and are expected in Q4 2012.

Under the Farm-in Agreement, the Partner 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.



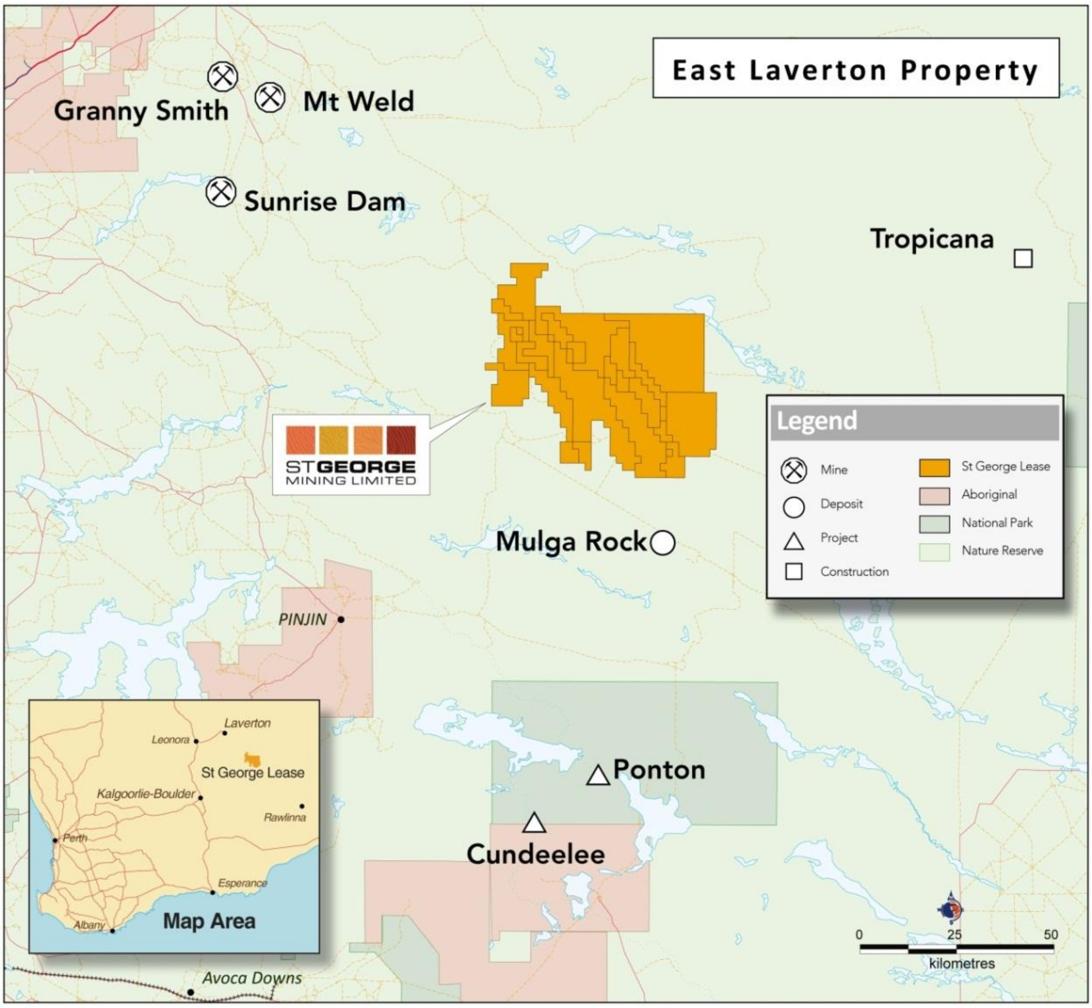
A regional map of the NE Goldfields that highlights the East Laverton Property of St George Mining and other nickel projects in the region.

EAST LAVERTON – RARE EARTHS

A large and prominent geochemical signature characteristic of a carbonatite alteration system was identified at Red Dragon. Typically, carbonatites may host large concentrations of rare earth elements and rare earth metals.

The Lynas Corporation Ltd ("Lynas") Mt Weld project, located 130km NW from Red Dragon, is a carbonatite pipe that is approximately 2.5 km in diameter and hosts one of the richest known deposits of rare earths in the world. The Red Dragon carbonatite is hosted by a domain boundary shear on the eastern margin of the East Laverton Property, a setting similar to the Mt Weld carbonatite which is also located on the eastern margin of the Laverton mineral field.

The similar structural and geological settings for Red Dragon and Mt Weld make the Mt Weld carbonatite an ideal analogue that will assist in developing an exploration programme for the Red Dragon prospect.



A regional map that indicates the proximity of St George's tenements to major rare earths and gold projects in the region.

PINE CREEK

During the year, the Company conducted its first diamond drilling campaign at the Pine Creek Property and completed a comprehensive review of the exploration work carried out to date - including a new examination of the historical exploration carried out by Homestake Gold Australia Ltd (HGAL). This work focused on:

1. the re-logging of the two historical diamond holes drilled by HGAL (FEND14 and FEND18) using the CSIRO HyLogger (industry leading multi-spectral logging technology);
2. conducting a multi-element MMI soil geochemical orientation survey that covered and in-filled an older MMI gold survey by HGAL; and
3. the drilling of the diamond drill hole PCDD001.

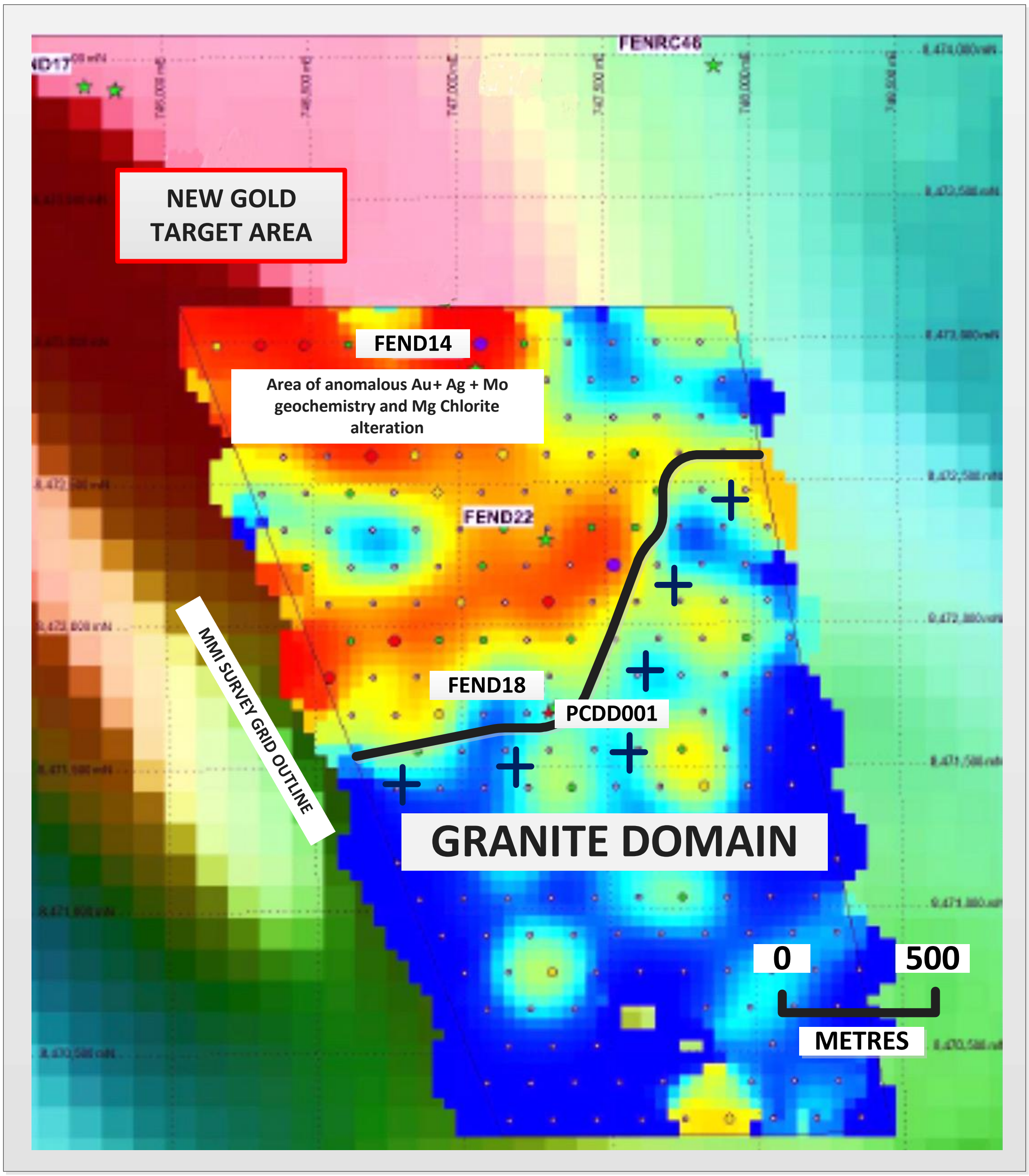
The results of the exploration work confirmed a large gold system at the Pine Creek Property. The multi-element soil geochemical results and the mineralogical analysis of the past and current drill-core has identified a new priority gold target, which appears to be closer to the central part of the gold system than the previous area of focus. This target is to the north of PCDD001 and adjacent to FEND 14. The spectral logging of the FEND14 core indicated that, despite the lower grades of FEND14 (compared to FEND 18), the mineralogy was more indicative of that found in the more central setting of a gold system.

The closed spaced MMI survey was conducted over an area that covered the NNW trend between FEND18 in the south and FEND14 in the north. The survey found that most of the southern survey area was underlain by granite (represented by high and consistent Cerium values) and that FEND18 and PCDD001 were situated immediately north of the structural granite margin of to the south.

The local presence of a significant granite-intrusive is an important exploration criterion. Statistically, 90% of gold deposits in the Pine Creek Orogen are located within 2.5km of granite contact when evaluated in 3D .

PCDD001 contained significant levels of recrystallised sulphides and this is consistent with a post-gold hydrothermal event, potentially associated with the later uranium and/or rare earth mineralisation found at Pine Creek.

Anomalous levels of each of the representative rare earth elements – Lanthanum (La), Samarium (Sm) and Yttrium (Y) - were encountered in PCDD001. Samples showed values up to 558ppm La, 76.6ppm Y and 40.8ppm Sm. Further investigation of these high rare earth responses will include the re-assaying of the drill core for the entire suite of rare earth elements. PCDD001 was also re-logged with the CSIRO HyLogger using new rare earth recognition software and identified the presence of rare earth minerals associated with what appears to be a fluorite vein.



The indicative gold zone in the north-west of the MMI survey area at the Pine Creek Property is shown in relation to the historical and recent drilling. The gold zone remains open to the north, which is part of the new gold target.

CORPORATE

The past financial year was the first full financial year of St George Mining Limited ("St George Mining" or the "Company") as a listed company on the ASX.

Entitlements Issue

On 2 August 2011, the Company launched 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 were 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. For every two (2) shares purchased under the Entitlements Issue, shareholders received three (3) free options.

The Entitlements Issue was fully subscribed resulting in the ordinary shares issued by the Company increasing from 52,500,000 to 63,000,000. In addition, a total of 15,750,000 options were issued by the Company as part of the Entitlements Issue. The options commenced trading on ASX under the code SGQO on 1 September 2011.

Loyalty Option Issue

On 19 October 2011, the Company launched 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 of 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 options are part of the SGQO series.

A total of 31,509,000 options were offered under the Loyalty Option Issue, which was fully subscribed. The options are trading on the ASX under the code SGQO.

Pine Creek Options

As part consideration for the acquisition of an 80% interest in the Pine Creek Property, the Company had agreed to issue 800,000 options to the vendors of the Pine Creek Property (the Pine Creek Options).

Further details of the consideration payable to the Pine Creek vendors can be found in the Solicitor's Report included in the IPO Prospectus dated 18 August 2010.

On 8 September 2011, the Company issued 800,000 options to the Pine Creek vendors. The options are part of the SGQO series.

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 26 October 2011.

Capital Structure
As at 30 June 2012, the capital structure of the Company was:

Fully Paid Ordinary Shares (SGQ)	**63,018,000**
Listed Options (SGQO)	48,041,000
Unlisted Options	
Class A Options	450,000
Class B Options	450,000
Class C Options	600,000
Performance Shares	100

COMPETENT PERSON STATEMENT:

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

DIRECTORS' REPORT

The Directors of St George Mining Limited submit herewith the annual financial report of St George Mining Limited from the 1 July 2011 to 30 June 2012. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names and particulars of the directors of the Company as at 30 June 2012 and at the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

JOHN PRINEAS B.EC LL.B F FIN
Executive Chairman
Appointed 19 October 2009

John has over 26 years experience in the banking and legal sectors, including a period as the head of a financial institution in Australia. He commenced his career as a lawyer at Allen, Allen & Hemsley, gaining extensive experience in commercial transactions and corporate advice in both Australia and Asia-Pacific.

In 1994, he joined Dresdner Bank AG in Sydney and over the next 10 years occupied the roles of General Counsel, Chief Operating Officer and Country Head with a focus on project and acquisition finance for resources and infrastructure projects as well as associated capital markets and treasury products, including commodities trading.

John has a diverse range of high level experience in finance, mining and corporate governance.

During the past 3 years he has held no other listed company directorships.

TIM HRONSKY B.ENG (Geology) MAUSIMM, MSEG
Executive Director
Appointed 25 November 2009

Tim is a geologist with over 22 years international experience in the mineral exploration and mining industry, including 15 years with Placer Dome Inc. After graduating from the West Australian School of Mines, Tim began his career in a number of operational roles before shifting to exploration where he was the Exploration Manager (Asia) for Placer Dome.

Subsequently he undertook a number of corporate roles related to business improvement, risk management and assurance. More recently, he has been providing consulting services to a range of clients in the global exploration and mining industry.

During the past 3 years he has held no other listed company directorships.

MARCUS MICHAEL CA, B.Bus
Non-Executive Director
Appointed 19 October 2009

Marcus Michael is a Chartered Accountant and has over 20 years industry experience. He has provided consulting services to a broad range of public and private entities.

Marcus Michael has been involved with private equity consulting, capital and debt funding and corporate reconstruction since 1990 and is a Director of Marshall Michael Pty Ltd, Chartered Accountants.

Marcus Michael graduated from Curtin University in 1990 with a Bachelor of Business and has been a member of the Institute of Chartered Accountants since 1994.

During the past 3 years he has also served as a director of the following listed companies;

Company	Date of Appointment	Date of Resignation
Argent Minerals Limited	4 April 2007	Not applicable
Beacon Minerals Limited	19 March 2012	Not applicable

COMPANY SECRETARY

Sarah Shipway was appointed Company Secretary of St George Mining on 22 March 2012. Sarah has a Bachelor of Commerce from the Murdoch University and is a member of the Institute of Chartered Accountants.

DIRECTORS' INTERESTS

At the date of this report the Directors held the following interests in St George Mining.

Name	Ordinary Shares	Listed Options	Class A Unlisted Options	Class B Unlisted Options	Class C Unlisted Options	Performance Shares
John Prineas	10,214,221	7,658,167	-	-	-	30
Tim Hronsky	1,062,500	531,250	300,000	300,000	400,000	10
Marcus Michael	2,810,668	2,108,006	-	-	-	15

John Prineas has had no interest, whether directly or indirectly, in a contract or proposed contract with St George Mining Limited during the financial year end. Marshall Michael Pty Ltd Chartered Accountants, of which Marcus Michael is a Director, provides accounting, bookkeeping and secretarial services to the Company and Tim Hronsky through Essential Risk Solutions Ltd, of which Tim Hronsky is a Director, provides technical consulting services to the Company.

PRINCIPAL ACTIVITIES

The principal activity of the Group is mineral exploration in Australia.

RESULTS AND REVIEW OF OPERATIONS

The result of the consolidated entity for the financial year from 1 July 2011 to 30 June 2012 after income tax was a loss of $2,402,771 (2011: loss of $2,725,898).

A review of operations of the consolidated entity during the year ended 30 June 2012 is provided in the "Review of the Operations" immediately preceding this Directors' Report.

LIKELY DEVELOPMENTS

The Group's focus over the next financial year will be on its key projects – the East Laverton Property and the Pine Creek Property. Further commentary on planned activities at these projects over the forthcoming year is provided in the "Review of Operations".

The Board will continue to focus on creating value from the Company's existing resource assets, as well as pursuing new opportunities in resources sector to complement the Company's current projects.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have not been any significant changes in the state of affairs of the Group during the financial year, other than as noted in this financial report.

ENVIRONMENTAL ISSUES

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all applicable regulations when carrying out exploration work.

DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

DIRECTORS' MEETINGS

The following table sets out the number of meetings held during each director's period of directorship during the year ended 30 June 2012 and the number of meetings attended by each director.

Name	Eligible to attend	Attended
J Prineas	15	15
T Hronsky	15	8
M Michael	15	15

REMUNERATION REPORT – AUDITED

Remuneration policy

The remuneration policy of St George Mining Limited has been designed to align directors' objectives with shareholder and business objectives by providing a fixed remuneration component, which is assessed on an annual basis in line with market rates. The Board of St George Mining Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company.

The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

- The remuneration policy and setting the terms and conditions for the Executive directors and other senior staff members is developed and approved by the Board based on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained when considered necessary to confirm that executive remuneration is in line with market practice and is reasonable within Australian executive reward practices.

- All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation.

- The Group is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions within the same industry. Options and performance incentives may be issued particularly as the entity moves from an exploration to a producing entity and key performance indicators such as profit and production and reserves growth can be used as measurements for assessing executive performance.

- The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Executive Directors, in consultation with independent advisors, determine payments to the non-executives and review their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently $150,000 per annum. Fees for independent non-executive directors are not linked to the performance of the Group. To align Directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Details of directors and executives

Directors	Title	Date of Appointment	Date of Retirement
J Prineas	Executive Chairman	19 October 2009	Not Applicable
T Hronsky	Executive Director	25 November 2009	Not Applicable
M Michael	Non Executive Director	19 October 2009	Not Applicable

The Company does not have any executives that are not Directors.

Executive Directors' remuneration and other terms of employment are reviewed annually by the non-executive director(s) having regard to performance against goals set at the start of the year, relative comparable information and independent expert advice.

Except as detailed in the Director's Report, no director has received or become entitled to receive, during or since the financial year end, a benefit because of a contract made by the Group or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in the Remuneration Report, prepared in accordance with the Corporations regulations, or the fixed salary of a full time employee of the Group.

Remuneration of directors and executives

Remuneration for the financial year ended 30 June 2012.

		Short-Term Benefits		Post Employment Benefits	Long Term Benefits	Equity Settled Share-Based Payments	
Directors	**Salary Fees and Leave**	**Cash Bonus**	**Non Monetary**	**Superannuation**	**Long Service Leave**	**Shares/Options**	**Total**
	$	**$**	**(i) $**	**$**	**$**	**(ii) $**	**$**
J Prineas							
2012	185,221	-	3,856	16,200	-	-	**205,277**
2011	113,622	-	2,583	9,450	-	-	**125,655**
T Hronsky							
2012	180,000	-	4,260	-	-	36,728	**220,988**
2011	146,250	60,000	5,576	-	-	-	**211,826**
M Michael							
2012	73,000	-	1,564	6,570	-	-	**81,134**
2011	44,333	-	1,091	3,990	-	-	**49,414**
Total							
2012	**438,221**	**-**	**9,680**	**22,770**	**-**	**36,728**	**507,399**
2011	**304,205**	**60,000**	**9,250**	**13,440**	**-**	**-**	**386,895**

(i) Non monetary benefits are for directors' and officers' liability and legal expense insurance premiums.

(ii) The terms and conditions relation to options granted as remuneration during the year to Directors are detailed below.

Remuneration Options

Details of the options granted during the year as remuneration to those directors and executives listed in remuneration table are as follows:

Grant Date	Issuer	Entitlement to Exercise	Date exercisable	Exercise price $	Value per options at grant date (i)	Amount paid/payable by recipient
30 November 2011	St George Mining Limited	1:1 Ordinary share in St George Mining	From grant date to 28 November 2013	$0.20	$0.035	NIL
30 November 2011	St George Mining Limited	1:1 Ordinary share in St George Mining	From grant date to 28 November 2014	$0.25	$0.039	NIL
30 November 2011	St George Mining Limited	1:1 Ordinary share in St George Mining	From grant date to 28 November 2015	$0.40	$0.036	NIL

(i) Options value at grant date was determined using the Black-Scholes method.

Options Awarded and Vested During the Year

30 June 2012	Terms and Conditions for each Grant during the year							Options vested during the year	
	Date	No.	Value $ (i)	Exercise Price $	Expiry Date	First Exercise Date	Last Exercise Date	No.	%
J Prineas	-	-	-	-	-	-	-	-	-
T Hronsky	30 Nov 2011	300,000	0.035	0.20	28 Nov 2013	30 Nov 2011	28 Nov 2013	300,000	100%
	30 Nov 2011	300,000	0.039	0.25	28 Nov 2014	30 Nov 2011	28 Nov 2014	300,000	100%
	30 Nov 2011	400,000	0.036	0.40	28 Nov 2015	30 Nov 2011	28 Nov 2015	300,000	100%
M Michael	-	-	-	-	-	-	-	-	-

(i) The value of the options granted as remuneration and as in the above table has been determined in accordance with the option values at grant date using the Black-Scholes method.

Value of options awarded, exercised and lapsed during the year

30 June 2012	Remuneration Type	Value of options grated during the year $	Value of options exercised during the year $	Value of options lapsed during the year $	Remuneration consisting of options for the year %
J Prineas	-	-	-	-	-
T Hronsky	Class A Options	10,560	-	-	4.78%
	Class B Options	11,784	-	-	5.33%
	Class C Options	14,384	-	-	6.51%
M Michael	-	-	-	-	-
Total	**-**	**36,728**	**-**	**-**	**16.62%**

Employment contracts of directors and executives

The terms and conditions under which key management personnel and executives are engaged by the Company are formalised in contracts between the Company and those individuals.

The Company has entered into an executive services agreement with Mr John Prineas whereby Mr Prineas receives remuneration of $180,000 per annum plus statutory superannuation. Mr Prineas may terminate the agreement by giving 3 months notice.

The Company has entered into two service agreements with Mr Marcus Michael whereby Mr Michael receives remuneration of $40,000 and $36,000 per annum plus statutory superannuation for Non-Executive Director and Company Secretary respectively. Mr Michael resigned as Company Secretary on the 22 March 2012.

The Company has entered into a consultancy contract with ERS and Mr Hronsky whereby a base service fee of $15,000 per month is payable ($180,000 per annum). Up to 4 economy class trips between Perth and Vancouver may be paid by the Company on behalf of Mr Hronsky in each calendar year. The initial term is for a period of three years from 1 June 2010 and may be extended for two years by the Company giving six months notice.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Officer or agent of the Company shall be indemnified out of the property of the entity against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the year the Company agreed to pay an annual insurance premium of $9,680 (2011: $9,250) in respect of directors' and officers' liability and legal expenses' insurance contracts, for directors, officers and employees of the Company. The insurance premium relates to:

- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever the outcome.
- Other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty.

END OF REMUNERATION REPORT

SHARES OPTIONS

Unissued shares

During the year the Company issued 48,059,000 listed options in the Company, exercisable at $0.20 on or before 28 November 2014. During the financial year ended 30 June 2012 and at the date of this report 18,000 of these share options were converted into fully paid ordinary shares.

On the 22 December 2011 the Company issued the below unlisted options;

Options Class	Number of Options	Exercise Price $	Expiry Date
Class A Options	450,000	$0.20	On or before 28 November 2013
Class B Options	450,000	$0.25	On or before 28 November 2014
Class C Options	600,000	$0.40	On or before 28 November 2015

During the financial year ended 30 June 2012 none of these unlisted options were converted into fully paid ordinary shares.

Option holders do not have any rights to participate in any issues of shares of other interests in the Company or any other entity.

EVENTS SUBSEQUENT TO BALANCE DATE

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of the affairs of the Group in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2012 has been received and can be found on page 52 of the financial report.

Non Audit Services

The Company's auditor, Stantons International, did not provide any non-audit services to the Company during the financial year ended 30 June 2012.

Signed in accordance with a resolution of the directors made pursuant to s 298(2) of the Corporations Act 2001.

On behalf of the directors

JOHN PRINEAS
Executive Chairman
Dated this 24 September 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2012

Australian Dollar ($)	Note	30 JUNE 2012 $	30 JUNE 2011 $
REVENUE	3	**54,675**	**44,472**
EXPENDITURE			
Administration expenses	4	(688,758)	(645,412)
Exploration expenditure written off		(2,412,444)	(2,175,247)
LOSS BEFORE INCOME TAX		**(3,046,527)**	**(2,776,187)**
Income tax refund (payable)	5(a)	643,756	50,289
NET LOSS ATTRIBUTABLE TO MEMBERS OF THE COMPANY		**(2,402,771)**	**(2,725,898)**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME (LOSS)		**(2,402,771)**	**(2,725,898)**
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO MEMBERS OF THE COMPANY		**(2,402,771)**	**(2,275,898)**
LOSS PER SHARE			
Basic and diluted – cents per share	13	(3.93)	(6.10)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

Australian Dollar ($)	Note	30 JUNE 2012 $	30 JUNE 2011 $
CURRENT ASSETS			
Cash and cash equivalents	14(a)	766,420	1,113,488
Trade and other receivables	8(a)	3,548	76,172
Other assets	8(b)	-	13,001
TOTAL CURRENT ASSETS		**769,968**	**1,202,661**
NON CURRENT ASSETS			
Security bond		1,000	1,000
Exploration and evaluation expenditure	9	342,571	412,411
TOTAL NON CURRENT ASSETS		**343,571**	**413,411**
TOTAL ASSETS		**1,113,539**	**1,616,072**
CURRENT LIABILITIES			
Trade and other payables	10	217,575	158,197
Provisions	10	13,846	8,625
TOTAL CURRENT LIABILITIES		**231,421**	**166,822**
TOTAL LIABILITIES		**231,421**	**166,822**
NET ASSETS		**882,118**	**1,449,250**
EQUITY			
Issued capital	11(a)	5,920,439	4,447,795
Reserves	11(b)	412,835	49,840
Accumulated losses	12	(5,451,156)	(3,048,385)
TOTAL EQUITY		**882,118**	**1,449,250**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2012

Australian ($)	SHARE CAPITAL $	ACCUMULATED LOSSES $	SHARE OPTION RESERVE $	TOTAL EQUITY $
BALANCE AT 1 JULY 2011	**4,447,795**	**(3,048,385)**	**49,840**	**1,449,250**
Comprehensive loss for the year	-	(2,402,771)	-	(2,402,771)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	(2,402,771)	-	(2,402,771)
Shares issued during the year	1,578,600	-	-	1,578,600
Remuneration options issued during the year	-	-	55,146	55,146
Loyalty options issued during the year	-	-	315,090	315,090
Share issue expenses	(105,956)	-	(7,241)	(113,197)
BALANCE AT 30 JUNE 2012	**5,920,439**	**(5,451,156)**	**412,835**	**882,118**
BALANCE AT 1 JULY 2010	**796,881**	**(322,487)**	**-**	**474,394**
Comprehensive loss for the year	-	(2,725,898)	-	(2,725,898)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	(2,725,898)	-	(2,725,898)
Shares issued during the year	4,000,000	-	-	4,000,000
Remuneration options issued during the year	-	-	49,840	49,840
Loyalty options issued during the year	-	-	-	-
Share issue expenses	(349,086)	-	-	(349,086)
BALANCE AT 30 JUNE 2012	**4,447,795**	**(3,048,385)**	**49,840**	**1,449,250**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2012

Australian Dollar ($)	Note	30 JUNE 2012 $	30 JUNE 2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Expenditure on mining interests		(2,237,441)	(2,194,298)
Payments to suppliers and employees		(661,174)	(634,889)
Interest received		54,675	44,471
Other – GST		72,623	(10,937)
Income tax (paid) refunded		643,756	-
Net cash outflow from operating activities	14(b)	**(2,127,561)**	**(2,795,653)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for security bonds		-	(1,000)
Net cash outflow from investing activities		**-**	**(1,000)**
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of shares and options net of capital raising costs		1,780,493	3,757,300
Repayment of borrowings		-	(230,000)
Net cash flows from financing activities		**1,780,493**	**3,527,300**
Net increase (decrease) in cash and cash equivalents		**(347,068)**	**730,647**
Cash and cash equivalents at the beginning of the financial year		1,113,488	382,841
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	14(a)	**776,420**	**1,113,488**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

1 CORPORATE INFORMATION

The financial report of St George Mining Limited ("St George Mining" or "the Company") for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 24 September 2012.

St George Mining Limited is a company limited by shares, incorporated in Australia on 19 October 2009. The consolidated financial statements of the Company for year ended 30 June 2012 comprise of the Company and its subsidiaries together referred to as the Group or consolidated entity.

The nature of the operations and principal activity of the Group is mineral exploration.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of the Financial Report

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The financial report also complies with the International Financial Reporting Standards. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars. The following accounting policies have been adopted by the consolidated entity.

Going Concern

The directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The Consolidated Entity has recorded a net accounting loss of $2,402,771 and net operating cash outflows of $2,127,561 for the year ended 30 June 2012. The Directors have determined that future equity raisings or debt financing arrangements will be required to assist funding of the Company's activities to meet the Company's objectives. The Directors are investigating a number of options in respect of equity and debt financing arrangements. There is no certainty that these will be successfully completed to provide adequate working capital for the Company.

The Board is confident that the Group will have sufficient funds to finance its operations in the 2012/2013 Financial Year.

(b) Principles of Consolidation

The consolidated financial statements incorporate assets, liabilities and results of entities controlled by St George Mining Limited at the end of the reporting period. A controlled entity is any entity over which St George Mining has the power to govern the financial and operating policies so as to obtain the benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

When controlled entities have entered or left the Group during the year, the financial performance of those entities are included only for the period of year that they were controlled. A list of controlled entities is contained in note 21 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated Statement of Financial Position and Statement of Comprehensive Income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

(c) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(d) Adoption of new and revised standards

The following new standards and amendments to standards are mandatory for the financial year beginning 1 July 2011.

- Amendments to AASB 7 'Financial Instruments: Disclosure';

- Amendments to AASB 101 'Presentation of Financial Statements';
- AASB 1054 'Australian Additional Disclosures' and AASB 2011-1 'Amendments to Australian Accounting Standards arising from Trans-Tasman Convergence Project'; and
- AASB 124 'Related Party Disclosures'; (revised December 2009).

The adoption of these standards did not have any impact in the current period or any prior period and is unlikely to affect future periods

(e) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

(f) Income Tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither that accounting profit nor taxable profit or loss; and,
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all the deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and,
- in respect of deductible temporary differences with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are not in the income statement.

(g) Exploration, evaluation and development expenditure

Exploration and evaluation expenditure on areas of interest are expensed as incurred. Costs of acquisition will normally be expensed but will be assessed on a case by case basis and may be capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Where projects have advanced to the stage that directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

(h) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Interest revenue is recognised using the effective interest method.

(i) Cash and cash equivalents

Cash and short-term deposits in the consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated cash outflows to be made to those benefits.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

(k) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value; less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and it is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systemic basis over its remaining useful life.

(l) Earnings per share

Basic earnings per share is calculated as net loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

(m) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash Flows are included in the Consolidated Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financial activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(n) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the consolidated profit or loss.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit or loss.

(o) Financial assets

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes party to the contractual provisions of the financial instrument. A financial asset is derecognised when the contractual rights to the Consolidated Statement of Cash Flows from the financial assets expire or are transferred and no longer controlled by the entity. A financial liability is removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets and financial liabilities classified as held for trading are measured at fair value through the profit or loss.

Upon initial recognition a financial asset or financial liability is designated as at fair value through the profit or loss when:

(a) an entire contract containing one or more embedded derivatives is designated as a financial asset or financial liability at fair value through the profit or loss;
(b) doing so results in more relevant information, because either:

  (i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing gains or losses on them on different bases; or
  (ii) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to key management personnel.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured are not designated as at fair value through the profit or loss.

A gain or loss arising from a change in the fair value of a financial asset or financial liability classified as at fair value through the profit or loss is recognised in the income statement.

Financial assets not measured at fair value comprise:

(a) loans and receivables being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are measured at amortised cost using the effective interest rate method;
(b) held-to-maturity investments being non-derivative financial assets with fixed or determinable payments and fixed maturity that will be held to maturity. These are measured at amortised cost using the effective interest method; and
(c) investments in equity instruments that do not have a quoted market price in an active market and who fair value cannot be reliably measured. These are measured at cost together with derivatives that are linked to and must be settled by the delivery of such investments.

Available-for-sale financial assets are non-derivative financial assets, which are designated as available-for-sale or that are not classified as loans and receivables, held-to-maturity investments or financial assets as at fair value through the profit and loss.

A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognised directly in equity, through the Consolidated Statement of Changes in Equity (except for impairment losses and foreign exchange gains or losses) until the financial asset is derecognised at which time the cumulative gain or loss previously recognised in equity is recognised in the income statement.

Regular way purchases of financial assets are accounted for as follows:

- financial assets held for trading – at trade date
- held-to-maturity investments – at trade date
- loans and receivables – at trade date
- available-for-sale financial assets – at trade date

Except for the following all financial liabilities are measured at amortised cost using the effective interest rate method:

(a) financial liabilities at fair value through the profit and loss and derivatives that are liabilities measured at fair value;
(b) financial liabilities that arise when a transfer of financial asset does not qualify for de-recognition or are accounted for using the continuing involvement approach.

The amortised cost of a financial asset or a financial liability is the amount initially recognised minus principal repayments, plus or minus cumulative amortisation of any difference between the initial amount and maturity amount and minus any write-down for impairment or un-collectability.

(p) Contributed equity

Ordinary shares and options are classified as contributed equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Significant accounting estimates and judgements

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Deferred taxation

The potential deferred tax asset arising from the tax losses and temporary differences have not been recognised as an asset because recovery of the tax losses is not yet considered probable (refer note 5).

Subsidiary Loans

Provision has been made for all unsecured loans with subsidiaries as it is uncertain if and when the loans will be recovered.

Capitalised exploration costs

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely, either from future exploration or sale or where activities have not reached a stage which permits reasonable assessment.

(r) Comparative information

Comparative information is amended where appropriate to ensure consistency in presentation with the current year.

3 REVENUE

	CONSOLIDATED 30 JUNE 2012 $	CONSOLIDATED 30 JUNE 2011 $
Other income		
Interest income	54,675	44,472
	54,675	**44,472**

4 EXPENSES

Administration expenses include the following expenses:

	CONSOLIDATED 30 JUNE 2012 $	CONSOLIDATED 30 JUNE 2011 $
Employee benefit expense		
Wages and salaries	253,000	149,333
Accrued annual leave	13,846	8,622
Employee share based payments	36,728	-
Defined contribution superannuation expense	22,770	13,440
	326,344	**171,395**
Other administration costs		
Accounting fees	67,865	84,549
Indirect tax consulting fees	96,563	-
Administrative fees	23,998	24,231
Consulting fees	-	63,000
Legal fees	29,456	72,167
	217,882	**243,947**

5 INCOME TAX

(a) Prima facie income tax benefit at 30% on loss from ordinary activities is reconciled to the income tax provided in the financial statements

	CONSOLIDATED 30 JUNE 2012 $	CONSOLIDATED 30 JUNE 2011 $
Loss before income tax	(2,402,771)	(2,725,898)
Income tax calculated at 30%	(720,831)	(817,769)
Tax effect of;-		
Expenses not allowed	286	37
Sundry – temporary differences	5,493	(2,236)
Section 40-880 deduction	(29,424)	(22,632)
Deferred exploration and evaluation expenditure	-	46,992
Research and Development rebate (i)	643,756	50,289
Future income tax benefit not brought to account	744,476	795,608
Income tax refund (payable) attributable to operating losses	**643,756**	**50,289**

(i) The Research and Development rebate is in relation to the year ended 30 June 2011.

(b) Deferred tax assets

The potential deferred tax asset arising from the tax losses and temporary differences have not been recognised as an asset because recovery of tax losses is not yet probable.

	CONSOLIDATED 30 JUNE 2012 $	CONSOLIDATED 30 JUNE 2011 $
Australian accumulated tax losses	1,183,638	989,271
Provisions net of prepayments	(20,854)	17,947
Exploration and evaluation expenditures	102,771	(108,771)
Section 40-880 deduction	(93,377)	88,842
Unrecognised deferred tax assets relating to the above temporary differences	**1,172,178**	**987,289**

The benefits will only be obtained if:

(i) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;
(ii) The Group continues to comply with the conditions in deductibility imposed by the Law; and
(iii) No change in tax legislation adversely affect the Group in realising the benefits from the deductions or the losses.

6 AUDITOR'S REMUNERATION

	CONSOLIDATED 30 JUNE 2012 $	CONSOLIDATED 30 JUNE 2011 $
Auditing and review of the Company's financial statements	29,989	18,554
	29,989	**18,554**

7 KEY MANAGEMENT PERSONNEL

(a) Details of key management personnel

Directors
John Prineas
Tim Hronsky
Marcus Michael

Executive
John Prineas – Executive Chairman
Tim Hronsky – Executive Director

(b) Compensation of key management personnel

	CONSOLIDATED 30 JUNE 2012 $	CONSOLIDATED 30 JUNE 2011 $
Salaries, fees and leave	438,221	304,205
Bonus	-	60,000
Non monetary	9,680	9,250
Post employment benefits – superannuation	22,770	13,440
Equity settled share-based payments – shares and options	36,728	-
	507,399	**386,895**

Equity Settled Compensation

The Company operates equity-settled share-based payment employee share schemes. The fair value of the equity to which the employees are entitled to is measured at grant date. During the year the Company issued 1,000,000 options to Mr Timothy Hronsky and 500,000 options to Mr Andrew Hawker as equity settled compensation.

(c) Shareholdings of key management personnel

Directors	Balance at 1 July 2011	Granted as remuneration	Net other change (i), (ii)	Balance at 30 June 2012
John Prineas	8,103,517	-	2,090,704	10,194,221
Timothy Hronsky	1,062,500	-	-	1,062,500
Marcus Michael	2,342,222	-	468,446	2,810,668
Total	**11,508,239**	**-**	**2,559,150**	**14,067,389**

Directors	Balance at 1 July 2010	Granted as remuneration	Net other change (i)	Balance at 30 June 2011
John Prineas	6,962,517	-	1,141,000	8,103,517
Timothy Hronsky	1,062,500	-	-	1,062,500
Marcus Michael	2,222,222	-	120,000	2,342,222
Total	**10,247,239**	**-**	**1,261,000**	**11,508,239**

(i) On market transactions for cash consideration.
(ii) Acquired under Entitlement Issue Prospectus dated 5 August 2011.

(d) Listed Option holdings of key management personnel

Directors	Balance at 1 July 2011	Granted as remuneration	Net other change (i)	Balance at 30 June 2012
John Prineas	-	-	7,458,167	7,458,167
Timothy Hronsky	-	-	531,250	531,250
Marcus Michael	-	-	2,108,006	2,108,006
Total	**-**	**-**	**10,097,423**	**10,097,423**

(i) On market transactions for cash consideration and the Entitlement Issue Prospectus dated 5 August 2011.

(e) Class A Unlisted Option holdings of key management personnel

Directors	Balance at 1 July 2011	Granted as remuneration (i)	Net other change	Balance at 30 June 2012
John Prineas	-	-	-	-
Timothy Hronsky	-	300,000	-	300,000
Marcus Michael	-	-	-	-
Total	**-**	**300,000**	**-**	**300,000**

(i) The Company agreed and approved at the Company's Annual General Meeting to allot and issue Options (Related Party Options) to Mr Timothy Hronsky.

(f) Class B Unlisted Option holdings of key management personnel

Directors	Balance at 1 July 2011	Granted as remuneration (i)	Net other change	Balance at 30 June 2012
John Prineas	-	-	-	-
Timothy Hronsky	-	300,000	-	300,000
Marcus Michael	-	-	-	-
Total	**-**	**300,000**	**-**	**300,000**

(ii) The Company agreed and approved at the Company's Annual General Meeting to allot and issue Options (Related Party Options) to Mr Timothy Hronsky.

(g) Class C Unlisted Option holdings of key management personnel

Directors	Balance at 1 July 2011	Granted as remuneration (i)	Net other change	Balance at 30 June 2012
John Prineas	-	-	-	-
Timothy Hronsky	-	400,000	-	400,000
Marcus Michael	-	-	-	-
Total	**-**	**400,000**	**-**	**400,000**

(iii) The Company agreed and approved at the Company's Annual General Meeting to allot and issue Options (Related Party Options) to Mr Timothy Hronsky.

(h) Performance Shareholdings of key management personnel

Directors	Balance at 1 July 2011	Granted as remuneration	Net other change	Balance at 30 June 2012 (i)
John Prineas	30	-	-	30
Timothy Hronsky	10	-	-	10
Marcus Michael	15	-	-	15
Total	**55**	**-**	**-**	**55**

Directors	Balance at 1 July 2010	Granted as remuneration	Net other change	Balance at 30 June 2011 (i)
John Prineas	30	-	-	30
Timothy Hronsky	10	-	-	10
Marcus Michael	15	-	-	15
Total	**55**	**-**	**-**	**55**

(i) On satisfaction of certain milestone events, each Performance Share converts into 100,000 ordinary shares (refer to Directors' Report and note 11 (a)) in which case John Prineas would become entitled to a further 3,000,000 ordinary shares, Timothy Hronsky a further 1,000,000 ordinary shares and Marcus Michael a further 1,500,000 ordinary shares.

(i) Other key management personnel transactions

Accounting, bookkeeping and secretarial service fees of $105,999 (2010: $99,869) were paid or payable on ordinary commercial terms during the year to Marshall Michael Pty Ltd, a company in which Mr Michael is a director and has a beneficial interest.

8 CURRENT ASSETS

(a) Trade and Other Receivables

	CONSOLIDATED 30 JUNE 2012 $	CONSOLIDATED 30 JUNE 2011 $
Current	3,548	76,172
	3,548	**76,172**

Other receivables include amounts outstanding for goods and services tax (GST) of $3,548 (2011: $25,379). GST and income tax amounts are non-interest bearing and have repayment terms applicable under the relevant government authorities. No trade and other receivables are impaired or past due.

(b) Other Assets

	CONSOLIDATED 30 JUNE 2012 $	CONSOLIDATED 30 JUNE 2011 $
Prepayments	-	13,001
	-	**13,001**

9 EXPLORATION, EVALUATION AND ACQUISITION EXPENDITURE

The Group has capitalised significant acquisition expenditure on the basis either that this is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

	CONSOLIDATED 30 JUNE 2012 $	CONSOLIDATED 30 JUNE 2011 $
Balance at the beginning of the year	412,411	385,111
Additions	-	49,840
Amount reversed from prior year (i)	(69,840)	(22,540)
	342,571	**412,411**

(i) Amount reversed from prior year of $69,840 represents the provision of future expenses to be incurred by the Group for tenement acquisitions.

10 CURRENT LIABILITIES

	CONSOLIDATED 30 JUNE 2012 $	CONSOLIDATED 30 JUNE 2011 $
Trade and other payables	217,575	158,197
Provisions – employee entitlement	13,846	8,625
	231,421	**166,822**

11 ISSUED CAPITAL

Australian Dollar $	CONSOLIDATED 30 JUNE 2012 $	CONSOLIDATED 30 JUNE 2011 $
(a) Issued and paid up capital		
At the beginning of the reporting period	4,447,795	796,881
10,500,000 shares issued during the year at $0.15 per share	1,575,000	4,000,000
18,000 options exercised during the year at $0.20 per share	3,600	-
Transactions costs arising from issue of shares	(105,956)	(349,086)
At reporting date 63,018,000 (30 June 2011: 52,500,000) fully paid ordinary shares	**5,920,439**	**4,447,795**

Movements in Ordinary Shares	Number	Number
At the beginning of the reporting period	52,500,000	32,500,000
Shares issued during the year (i)	10,500,000	20,000,000
Options exercised during the year	18,000	-
At reporting date	**63,018,000**	**52,500,000**

(i) On the 5 August 2011 the Company issued an Entitlement Issue Prospectus for the pro-rata non-renounceable entitlement issue of approximately 10,500,000 New Shares and up to 15,750,000 Free Attaching Options.

Movements in Performance Shares	Number	Number
At the beginning of the reporting period	100	100
Shares issued during the year	-	-
At reporting date	**100**	**100**

There are 100 Performance Shares (convertible into a maximum of 10,000,000 Shares) on issue at 30 June 2012, having the terms and conditions set out below:

General terms attaching to the Performance Shares are set out below:

(a) Performance Shares: Each Performance Share is a share in the capital of the Company.

(b) General Meetings: The Performance Shares shall confer on the holder (Holder) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.

(c) No Voting Rights: The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company, subject to any voting rights under the Corporations Act or the ASX Listing Rules where such rights cannot be excluded by these terms.

(d) No Dividend Rights: The Performance Shares do not entitle the Holder to any dividends.

(e) Rights on Winding Up: Upon winding up of the Company, the Performance Shares may participate in the surplus profits or assets of the Company only to the extent, and on the basis that each Performance Share has converted into one (1) Share.

(f) Transfer of Performance Shares: Prior to the Company being admitted to the Official List of the ASX, the Performance Shares are transferable. In the event the Company is admitted to the Official List of the ASX, the Performance Shares will no longer be transferable.

(g) Reorganisation of Capital: In the event that the Company is admitted to the Official List of the ASX and the issued capital of the Company is subsequently reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation.

(h) Application to ASX: The Performance Shares will not be quoted on ASX. In the event that the Company is admitted to the Official List of the ASX, upon conversion of the Performance Shares into Shares in accordance with these terms, the Company must within seven (7) days after the conversion, apply for the official quotation on ASX of the Shares arising from the conversion.

(i) Participation in Entitlements and Bonus Issues: Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Shares such as bonus issues and entitlement issues.

(j) Amendments required by ASX: The terms of the Performance Shares may be amended as necessary by the directors of the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms.

(k) No Other Rights: The Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Performance Shares

(a) Conversion of Performance Shares: Each Performance Share will convert into 100,000 Shares upon the first to occur of the following events (each a Milestone):

(i) a Company Project attains a measured JORC Code compliant inferred resource of at least 1,000,000 ounces of Gold;

(ii) a Company Project attains a measured JORC Code compliant inferred resource of at least 50,000 tonnes contained Nickel;

(iii) the market capitalisation of the Company is greater than $50 million for a minimum of 30 consecutive trading days, based upon the volume weighted average price of Shares quoted on the ASX;

(iv) a Company Project (or any part of it) is sold for a value of at least $25 million (in cash and/or assets of equivalent value); or

(v) a joint venture arrangement is entered into for a Company Project and payments of at least $25 million (in cash and/or assets of equivalent value) are paid to Company as part of that arrangement. For these purposes, a “Company Project” means: “any project in which the Company has an ownership interest (or an option to acquire an ownership interest) as at the date the Company is admitted to the Official List of the ASX.”

(b) Conversion if Milestone not Achieved: 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 of the ASX being 12 November 2010 (Performance Share Expiry Date), then each Performance Share will automatically convert into one (1) Share.

(c) After Conversion: The Shares issued on conversion of the Performance Shares will, as and from 5.00pm (WST) on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.

(d) Conversion Procedure: The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Shares into the Shares.

(e) Ranking of Shares: The Shares into which the Performance Shares will convert will rank pari passu in all respects with the Shares on issue at the date of conversion. 55 Performance shares are held by entities associated with the Directors. The remaining Performance shares are held by foundation shareholders, whose interest in the Company at the date the performance shares were issue, being 16 November 2010 are as follows:

Foundation Shareholder	Shares	Performance Shares (i)
Impulzive Pty Ltd <Dawson Superannuation A/C>	6,962,491	30
St Barnabas Investments Pty Ltd <St Barnabas Superannuation Fund>	2,222,222	15

(i) On satisfaction of certain milestones events set out above, each Performance Share converts into 100,000 shares in which case Impulzive Pty Ltd <Dawson Superannuation A/C> would become entitled to 3,000,000 further shares and St Barnabas Investments Pty Ltd <St Barnabas Superannuation Fund> 1,500,000 further shares.

(b) Option Reserve

Movements in options reserve	**CONSOLIDATED 30 JUNE 2012 $**	**CONSOLIDATED 30 JUNE 2011 $**
At the beginning of the year	49,840	-
Options granted but yet to be issued	(49,840)	49,840
Options granted and issued (i)	49,840	-
Options issued during the year (ii)	315,090	-
Unlisted options (iii)	55,146	-
Transaction costs arising from the issue of options	(7,241)	-
At reporting date	**412,835**	**49,840**

(i) As outlined on the Solicitors Report on Tenements contained in the IPO Prospectus, the Company agreed to issue 800,000 Options as part consideration for the acquisition of an 80% interest in the Pine Creek property. The Options were issued on 8 September 2011.

(ii) On 19 October 2011 the Company issued a non-renounceable entitlement issue of 31,509,000 Loyalty Options on the basis of one (1) Loyalty Option for every two (2) Shares held by the Shareholders at an issue price of $0.01 per Loyalty Option.

(iii) The Company agreed and approved at the Company's Annual General Meeting to allot and issue a total of 1,500,000 Options (Related Party Options) to Mr Timothy Hronsky and Mr Andrew Hawker. The terms and conditions of the options are detailed in the Notice of Annual General Meeting dated 26 October 2011. Using the Black & Scholes option model and based on the assumptions below, The Class A, B and C Options were ascribed the following value:

Class of Options	Number Options	Valuation Date	Market Price of Shares	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility (discount)	Indicative Value per Option (discounted at 20%)	Total Value of Options
Class A Options	450,000	30 November 2011	14.5 cents	20 cents	28 November 2013	3.185%	70%	3.532 cents	**$15,894**
Class B Options	450,000	30 November 2011	14.5 cents	25 cents	28 November 2014	3.650%	70%	3.928 cents	**$17,676**
Class C Options	600,000	30 November 2011	14.5 cents	40 cents	28 November 2015	3.800%	70%	3.596 cents	**$21,576**

12 ACCUMULATED LOSSES

	CONSOLIDATED 30 JUNE 2012 $	CONSOLIDATED 30 JUNE 2011 $
Accumulated losses at the beginning of the year	(3,048,385)	(322,487)
Loss for the year	(2,402,771)	(2,725,898)
Accumulated losses at the end of the year	**(5,451,156)**	**(3,048,385)**

13 LOSS PER SHARE

	CONSOLIDATED 30 JUNE 2012 $	CONSOLIDATED 30 JUNE 2011 $
Basic loss per share after income tax attributable to members of the Company (cents per share)	(3.93)	(6.10)
Diluted loss per share (cents per share)	**(3.93)**	**(6.10)**

	2012 Number	2011 Number
Weighted average number of shares on issue during the financial year used in the calculation of basic earnings per share	61,172,048	44,938,356
Weighted average number of ordinary shares for diluted earnings per share	**61,172,048**	**44,938,356**

14 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

	CONSOLIDATED 30 JUNE 2012 $	CONSOLIDATED 30 JUNE 2011 $
Current – cash at bank	766,420	1,113,488
	766,420	**1,113,488**

(b) Reconciliation of loss after tax to net cash flows from operations

	CONSOLIDATED 30 JUNE 2012 $	CONSOLIDATED 30 JUNE 2011 $
Loss after income tax	(2,402,771)	(2,725,898)
Share based payments	55,146	-
Provision for tenement acquisition costs	69,840	-
(Increase)/decrease in assets		
Trade and other receivables	72,624	(60,074)
Prepayments	13,001	(10,905)
Increase/(decrease) in liabilities		
Trade and other payables	59,378	(7,401)
Provisions	5,221	8,625
	(2,127,561)	**(2,795,653)**

15 SHARE BASED PAYMENTS

(i) At the Annual General Meeting on 30 November 2011 it was agreed that the following unlisted options be issued to

Class	Number of Options	Exercise Price	Expiry Date
Class A Unlisted Options	450,000	$0.20	28 November 2013
Class B Unlisted Options	450,000	$0.25	28 November 2014
Class C Unlisted Options	600,000	$0.40	28 November 2015

(i) Options granted to key management personnel are as follows:

Grant Date	Class	Number
30 November 2011	Class A Unlisted Options	300,000
30 November 2011	Class B Unlisted Options	300,000
30 November 2011	Class C Unlisted Options	400,000

For details of the terms of the options paid and basis of valuation refer to note 11.

The weighted average life of the options outstanding at year end is 2.51 years (2011 – NIL years). The weighted average exercise price of the options outstanding at year end is $0.2950.

16 COMMITMENTS AND CONTINGENCIES

(a) Commitment

Mineral exploration commitment

In order to maintain the current rights of tenure to exploration tenements, the Group has the following discretionary exploration expenditure requirements.

	2012 $	2011 $
Not later than one year	1,150,000	1,100,000
Later than one year but not later than two years	1,350,000	1,300,000
	2,500,000	**2,400,000**

(b) Contingent liabilities and commitments

The Group fully owns two subsidiaries, Desert Fox Resources Pty Ltd and Blue Thunder Resources Pty Ltd, the main activities of which are exploration. The effect of these subsidiaries is to make the St George Mining owned subsidiaries contractually responsible for any transactions undertaken by the subsidiary. The parent entity has provided certain guarantees to third parties whereby certain liabilities of the subsidiary are guaranteed. The Group has the following contingent liabilities and commitments at 30 June 2011 and 30 June 2012.

	CONSOLIDATED 30 JUNE 2012 $	CONSOLIDATED 30 JUNE 2011 $
Options fee/tenement acquisition costs (i)	500,000	560,000
Bonus cash payment upon ASX Listing	-	60,000
	500,000	**680,000**

(i) On 23 June 2010, the Company entered into an option agreement with Geotech International and Mr James Stewart (together, the Vendors) pursuant to which the Company has been granted by the Vendors the option to acquire an 80% interest in NT Tenement EL27732 (Option) (Option Agreement).

Option Fee, Bonus Payments and other Consideration: Under the Option Agreement, the Company has paid an initial Option fee of $20,000. The initial Option period is 12 months from the grant of the EL27732. The Company has the right to extend the Option for up to three (3) further 12 month periods, each for a fee of $60,000, the first year extension was paid on the 8 November 2011.

Upon grant of EL27732, the Company paid to the Vendors:

(a) a cash payment of $60,000 made on 10 December 2010; and

(b) 800,000 options to acquire Shares in the Company exercisable at $0.20 each on or before 28 November 2014 that were issued on 9 September 2011.

Upon exercise of the Option, the Company will purchase EL27732 for a cash payment of $500,000 (Option Fee).

Joint Venture: Upon the exercise of the Option, the Vendors and the Company will form an unincorporated joint venture for the purpose of exploring, developing, and if thought fit, mining the area the subject of EL27732 (Joint Venture).

The Company's initial interest in the Joint Venture will be 80%. The Joint Venture interest of the Vendors (20%) will be free carried until such time when a decision to mine is made following completion of a bankable feasibility study in relation to EL27732 (Decision to Mine).

On and from the Parties making a Decision to Mine, the Vendor's will be required to contribute to expenditure in accordance with its 20% Joint Venture interest and if the Vendors fail to make the required payments, their Joint Venture Interest will be diluted. If the Vendors' Joint Venture interest dilutes to less than 5%, the interest will convert to a net smelter royalty of 2% and the Company will become the owner of a 100% interest in EL27732.

The parties also agree that any tenements in a defined extended area surrounding EL27732 that may be acquired by the parties will be transferred to the Joint Venture.

Termination: The Company is entitled to withdraw from the Option Agreement at any time during the Option period. However, withdrawal will not be permitted within 2 months of an anniversary date of EL27732 until the minimum annual expenditure payment has been made by the Company.

(ii) On 20 February 2012 the Company entered into an Agreement with Geotech International Pty Ltd ("Geotech") whereby Geotech will provide advisory services in relation to the Lake Minigwal Project. Under the Agreement the Company will pay to Geotech an initial advisory fee of $15,000, paid on the 1 March 2012, upon execution of the Agreement, a grant fee of $50,000 contingent upon successful grant of the tenements to the Company.

The Company may also offer 500,000 options to Geotech on successful grant of the tenements. The Options will be on the same terms and conditions as the ASX listed options trading under the code SGQO.

17 EVENTS SUBSEQUENT TO BALANCE DATE

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

18 FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that the financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

2012	Note	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Weighted average interest rate
		$	$	$	$	%
Financial assets						
Cash and cash equivalents	14(a)	760,034	-	6,386	766,420	5.27
Trade and other receivables	8	-	-	3,548	3,548	Nil
		760,034	**-**	**9,934**	**769,968**	
Financial liabilities						
Trade and other payables	10	-	-	217,575	217,575	Nil
		-	**-**	**217,575**	**217,575**	

2011	Note	Floating interest rate	Fixed interest rate	Non-interest bearing	Total	Weighted average interest rate
		$	$	$	$	%
Financial assets						
Cash and cash equivalents	14(a)	1,098,914	-	14,619	1,113,533	3.72
Trade and other receivables	8	-	-	76,172	76,172	Nil
		1,098,914	**-**	**90,791**	**1,189,705**	
Financial liabilities						
Trade and other payables	10	-	-	158,197	158,197	Nil
		-	**-**	**158,197**	**158,197**	

Based on the balances at 30 June 2012 a 1% movement in interest rates would increase/decrease the loss for the year before taxation by $15,200 (2011: $10,989).

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any allowance for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

(c) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their respective net fair value and is determined in accordance with the accounting policies disclosed in note 2 to the financial statements.

(d) Financial risk management

The Group's financial instruments consist mainly of deposits with recognised banks, investment in bank bills up to 90 days, accounts receivable and accounts payable. Liquidity is managed, when sufficient funds are available, by holding sufficient funds in a current account to service current obligations and surplus funds invested in bank bills. The directors analyse interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The main risks the Group is exposed to is through its financial instruments is the depository banking institution itself, holding the funds, and interest rates. The Group's credit risk is minimal as being an exploration Company, it has no significant financial assets other than cash and term deposits.

(e) Foreign Currency Risk

The Group is not exposed to any foreign currency risk as at 30 June 2012.

(f) Market Price Risk

The Group is not exposed to market price risk as it does not have any investments other than an interest in the subsidiaries.

19 RELATED PARTIES

The Group has no related parties other than the 100% owned subsidiaries disclosed in note 22. At 30 June 2012 balances due from the subsidiaries were:

Australian Dollar ($)	**30 JUNE 2012**	**30 JUNE 2011**
	$	**$**
Blue Thunder Resources Pty Ltd	946,994	325,018
Desert Fox Resources Pty Ltd	4,159,879	2,438,924
	5,106,873	**2,763,942**

These amounts comprise of funds provided by the parent company for exploration activities.

20 SEGMENT REPORTING

For management purposes, the Group is organised into one main operating segment, which involves the exploration of minerals in Australia. All of the Group's activities are interrelated, and discrete financial information is reported to the Board as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

21 JOINT VENTURES

The Group recognises that joint ventures are a key mechanism for sharing of risk on individual exploration projects. Where appropriate for a particular project, the Group will consider a joint venture with a suitable party in order to share the exploration risk. Those funds otherwise set aside for the project will be employed to advance another project.

Pine Creek Property: The Group, through its wholly owned subsidiary, Blue Thunder Resources Pty Ltd, has entered into an Option Agreement with James Ian Stewart and Geotech International Pty Ltd (jointly, the "Vendor") whereby the Group acquired an option to purchase an 80% interest in the tenement application EL27732 which has been made by the Vendor. If the option is exercised, the tenement will be subject to a joint venture between Blue Thunder Resources Pty Ltd (which will have an 80% interest in the joint venture) and the Vendor (which will have a 20% interest in the joint venture) (the "Pine Creek Joint Venture"). The joint venture agreement has not yet been entered into. The Option Agreement outlines some of the key terms for the joint venture agreement.

The Group, through Blue Thunder Resources Pty Ltd, has been granted six additional tenements at Pine Creek. A 20% interest in these six tenements will be held for the benefit of the Vendor. There is no assurance that the option would be exercised, or the joint venture entered into.

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 ("the Partner") in regard to the nickel rights at certain of the tenements at the East Laverton Property.

The key terms of the Farm-in Agreement include:

- The Partner has a 2 year option over the nickel rights at 9 tenements at the East Laverton Property (the 'Core Tenements').
- The Partner has an obligation to spend $600,000 on exploration during the option period and maintain the Core Tenements in good standing.
- On exercise of the option, the Partner has the right to earn a 51% interest in the nickel rights in the tenements selected to be governed by the Farm-in Agreement by spending $3m over 3 years.
- On exercise of the option, the Partner has a right to select any or all of an additional 7 tenements, to also be included in the Farm-in Agreement.
- A right for the Partner to subsequently increase its interest to 70% by sole funding a bankable feasibility study (BFS), in which case St George Mining is free carried for its 30% interest up to completion of the BFS.

22 SUBSIDIARIES

The parent entity, St George Mining Limited, has 100% interest in Desert Fox Resources Pty Ltd and Blue Thunder Resources Pty Ltd. St George Mining is required to make all the financial and operating policy decisions of these subsidiaries.

Subsidiaries of St George Mining Limited	Country of incorporation	Percentage owned %	
		2012	2011
Desert Fox Resources Pty Ltd	Australia	100%	100%
Blue Thunder Resources Pty Ltd	Australia	100%	100%

22 PARENT COMPANY DISCLOSURE

(a) Financial Position for the year ended 30 June 2012

Australian Dollar ($)	30 JUNE 2012 $	30 JUNE 2011 $
Assets		
Current assets	769,967	1,202,705
Non-current assets	5,106,874	2,763,945
Total assets	**5,876,841**	**3,966,650**
Liabilities		
Current liabilities	231,421	166,822
Non-current liabilities	5,106,872	2,763,942
Total liabilities	**5,338,293**	**2,930,764**
Net assets	**538,548**	**1,035,886**
Equity		
Issued capital	5,920,439	4,447,795
Reserves	412,835	49,840
Accumulated losses	(5,794,726)	(3,461,749)
Total equity	**538,548**	**1,035,886**

(b) Financial Performance for the year ended 30 June 2012

Australian Dollar $	30 JUNE 2012 $	30 JUNE 2011 $
Profit (loss) for the year	(2,332,978)	(2,752,611)
Other comprehensive income	-	-
Total comprehensive income (loss)	**(2,332,978)**	**(2,752,611)**

(c) Guarantees entered into by the Parent Entity

	30 JUNE 2012 $	30 JUNE 2011 $
Option fee/tenement acquisition costs	500,000	500,000
	500,000	**500,000**

The parent entity has provided guarantees to third parties in relation to the option agreement with Geotech International and Mr James Stewart. Further details regarding this transaction can be found at note 15(b).

23 NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below.

AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and de-recognition requirements for financial instruments.

The key changes made to accounting requirements include:

- simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
- simplifying the requirements for embedded derivatives;
- removing the tainting rules associated with held-to-maturity assets;
- removing the requirements to separate and fair value embedded derivatives for financial assets carried at amortised cost;
- allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument;
- requiring financial assets to be reclassified where there is a change in an entity's business model as they are initially classified based in: (a) the objective of the entity's business model for managing the financial assets; and (b) the characteristics of the contractual cash flows; and
- requiring an entity that chooses to measure a financial liability at fair value to present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income, expect when that would create an accounting mismatch. If such a mismatch would be created or enlarged, the entity is required to present all changes in fair value (including the effects of changes in the credit risk of the liability) in profit or loss.

  The Company has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

- AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112] (applies to periods beginning on or after 1 January 2012).

  This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

  Under the current AASB 112, the measurement of deferred tax liabilities and deferred tax assets depends on whether an entity expects to recover an asset by using it or by selling it. The amendments introduce a presumption that an investment property is recovered entirely through sale. The presumption is rebutted if the investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The amendments are not expected to significantly impact the Company.

- AASB 10: Consolidated Financial Statements, AASB 11: Joint Arrangements, AASB 12: Disclosure of Interests in Other Entities, AASB 127: Separate Financial Statements (August 2011), AASB 128: Investments in Associates and Joint Ventures (August 2011) and AASB 2011-7: Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17] (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 10 replaces parts of AASB 127: Consolidated and Separate Financial Statements (March 2008, as amended) and Interpretation 112: Consolidated – Special Purpose Entities. AASB 10 provides a revised definition of control and additional application guidance so that a single control model will apply to all investees. The Group has not yet been able to reasonably estimate the impact of this Standard on its financial statements.

  AASB 11 replaces AASB 131: Interests in Joint Ventures (July 2004, as amended). AASB 11 requires joint arrangements to be classified as either "joint operations" (where the parties that have joint control of the arrangement, have rights to the assets and obligations for the liabilities) or "joint ventures" (where the parties have joint control of the arrangement have rights to the net assets of the arrangement). Joint ventures are required to adopt the equity method of accounting (proportionate consolidation is no longer allowed).

  AASB 12 contains the disclosure requirements applicable to entities that hold an interest in a subsidiary, joint venture, joint operation or associate. AASB 12 also introduces the concept of a "structured entity", replacing the "special purpose entity" concept currently used in Interpretation 112, and requires specific disclosures in respect of any investments in unconsolidated structured entities. This Standard will affect disclosures only and is not expected to significantly impact the Group.

  To facilitate the application of AASBs 10, 11, and 12, revised version of AASB 127 and AASB 128 have also been issued. These Standards are not expected to significantly impact the Group.

- AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (applicable for annual reporting periods commencing on or after 1 January 2013).

  AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

  AASB 13 requires:

- inputs to all fair value measurements to be categorised in accordance with a fair value hierarchy; and
- enhanced disclosures regarding all assets and liabilities (including, but not limited to, financial assets and financial liabilities) to be measured at fair value.

  These Standards are not expected to significantly impact the Group.

- AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1047] (applicable for annual reporting periods commencing on or after 1 July 2012).

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income (OCI) on the basis of whether they are potentially re-classifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the Group.

- AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2013).

These Standards introduce a number of changes to accounting and presentation of defined benefit plans. The Group does not have any defined benefit plans and so is not impacted by the amendment.

AASB 119 (September 2011) also includes changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits at the earlier of:

(i) for an offer that me be withdrawn – when the employee accepts;
(ii) for an offer than cannot be withdrawn – when the offer is communicated to affected employees; and
(iii) where the termination is associated with a restricting of activities under AASB 137: Provisions, Contingent Liabilities and Contingent Assets, and if earlier than the first two conditions – when the related restricting costs are recognised.

The Group has not yet been able to reasonably estimate the impact of these changes to AASB 119.

DIRECTOR'S DECLARATION

In the opinion of the Directors of St George Mining Limited ("the Company")

(a) The financial statements and the notes and the additional disclosures included in the directors' report designated as audited of the Group are in accordance with the Corporations Act 2001, including:

   (i) Giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended that date; and

   (ii) Complying with Accounting Standards and Corporations Regulations 2001, and:

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) The financial statements and notes comply with International Financial Reporting Standards as disclosed in note 2.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2012.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Board

John Prineas
Executive Chairman

Dated this 24 September 2012
Perth, Western Australia

Stantons International Audit and Consulting Pty Ltd
trading as
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24 September 2012

Board of Directors
St George Mining Limited
Level 1
115 Cambridge Street
WEST LEEDERVILLE WA 6007

Dear Sirs

RE: ST GEORGE MINING LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of St George Mining Limited.

As Audit Director for the audit of the financial statements of St George Mining Limited for the year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)

JP Van Dieren
Director

Stantons International Audit and Consulting Pty Ltd
trading as
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ST GEORGE MINING LIMITED

Report on the Financial Report

We have audited the accompanying financial report of St George Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

(a) the financial report of St George Mining Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and
   (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Inherent Uncertainty Regarding Going Concern

Without qualification to the audit opinion expressed above, attention is drawn to the following matter.

As described in Note 2(a) the directors believe it is appropriate to prepare the financial report on a going concern basis. The consolidated entity comprising the Company and its subsidiaries has incurred a loss of $2,402,771 for the year ended 30 June 2012 and had working capital of $538,547. The ability of the consolidated entity to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the entity raising further working capital and/or successfully exploring its mineral assets. In the event that the entity is not successful in raising further equity or successfully exploiting its mineral assets, the consolidated entity may not be able to meet its liabilities as and when they fall due and the realisable value of the consolidated entity's current and non-current assets may be significantly less than book values.

Report on the Remuneration Report

We have audited the remuneration report included in pages 16 to 20 of the directors' report for the year ended 30 June 2012. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the remuneration report of St George Mining Limited for the year ended 30 June 2012 complies with section 300A of the *Corporations Act 2001.*

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd

John P Van Dieren
Director

West Perth, Western Australia
24 September 2012

CORPORATE GOVERNANCE STATEMENT

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Principles and Recommendations**). The Principles and Recommendations are not mandatory. However, the Company will be required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the Principles and Recommendations.

The Board of the Company currently has in place a Corporate Governance Plan which has been posted in a dedicated corporate governance information section of the Company's website at www.stgeorgemining.com.au .

PRINCIPLES AND RECOMMENDATIONS

1. Lay solid foundations for management and oversight

1.1 Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions. Compliant: Yes.

The Directors monitor the business affairs of the Company on behalf of Shareholders and have adopted a Corporate Governance Plan which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct. The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board.

The Company's Corporate Governance Plan is available on the Company's website at www.stgeorgemining.com.au .

1.2 Companies should disclose the process for evaluating the performance of senior executives. Compliant: Yes.

Due to the Company's stage of development, it does not yet have any senior executives apart from the Board. However, if the Company appoints senior executives in the future, the Board will monitor the performance of those senior executives including measuring actual performance of senior executives against planned performance.

The Board has adopted a policy to assist in evaluating the performance of senior executives, which is contained in Schedule 6 of its Corporate Governance Plan (Disclosure - Performance Evaluation).

Given the current size and structure of the Board, the Board has not established a separate nomination committee to oversee the performance evaluation of the senior executives.

Until a nomination committee is established, the Board will undertake the obligations of the nomination committee in connection with evaluating the performance of senior executives in accordance with Schedule 6 of its Corporate Governance Plan.

1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1. Compliant: Yes.

The Company will explain any departures from Principles and Recommendations 1.1 and 1.2 (if any) in its future annual reports, including whether a performance evaluation for senior executives (if any exist at that time) has taken place in the reporting period and whether it was in accordance with the process disclosed.

The Company has not undertaken any performance evaluation of any senior executive in the last reporting period.

The Company has adopted a Board Charter, which discloses the specific responsibilities of the Board and provides that the Board may delegate responsibility for the day-to-day operations and administration of the Company to the chief executive officer/ managing director (if appointed).

The Board Charter is contained in Schedule 1 of the Company's Corporate Governance Plan and the Nomination Committee Charter is contained in Schedule 5 of the Company's Corporate Governance Plan.

2. Structure the Board to add value

2.1 A majority of the Board should be independent directors. Compliant: No

Currently the Company has no independent Directors.

The Company's Corporate Governance Plan outlines that the majority of the Board will be comprised of non-executive directors, and where practical, at least 50% of the Board will be independent. However, the Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the expense of an appointment of a majority of independent directors. The current Board structure presently consists of an executive chairman, an executive director and one non-executive director.

The Board believes that each of the Directors can make, and do make, quality and independent judgements in the best interests of the Company. Any Director who has a conflict of interest in relation to a particular item of business must declare their conflict and abstain from voting or participating in Board deliberations to which a conflict of interest relates.

2.2 The chair should be an independent director. Compliant: No.

Mr John Prineas is the Executive Chairman and is a not an Independent Director.

The Company's Corporate Governance Plan provides that the Chairman, where practical, should be a non-executive Director.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to require an independent Chairman. This will be reviewed as the Company develops.

2.3 The roles of chair and chief executive officer should not be exercised by the same individual. Compliant: No.

The Company has not appointed a chief executive officer. The Chairman is Mr John Prineas. The Company intends to seek out and appoint a chief executive officer, separate from the role of chairman, in the future. However, due to the current limited size of the Company's operations it may not be appropriate to appoint a separate chief executive officer for some time.

The Company's Corporate Governance Plan provides, where practical, that the chief executive officer should not be the Chairman of the Company during his term as chief executive officer or in the future.

2.4 The Board should establish a nomination committee. Compliant: No.

Given that the Company is in its early stages of development and given the current size and structure of the Board, the Board has not established a separate nomination committee.

Matters typically dealt with by such a committee are dealt with by the Board. The Board may also seek independent advice to assist with the identification process.

2.5 Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors. Compliant: No.

The Company will put a formal process in place as and when the Company's level of operations justifies it. Currently, the Board undertakes the obligations of the nomination committee in connection with evaluating the performance of the Board, its committees and individual directors, and will continue to do so until a nomination committee is established.

2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2. Compliant: Yes

A description of the skills and experience of each of the current Directors is included on the Company's website at www.stgeorgemining.com.au .

Given that the Company is in its early stages of development and given the current size and structure of the Board, the Company has not fully complied with Principle 2 of ASX Corporate Governance Council Principles and Recommendations. However, it will seek to do so as it develops and the Board grows.

The Board Charter includes a statement that the Board may seek independent professional advice at the Company's expense.

The Board has not established a nomination committee and its functions are carried out by the Board.

The Company will provide details of any new director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures from Corporate Governance Principles and Recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 in its future annual reports.

3. Promote ethical and responsible decision-making

3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and,
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Compliant: Yes

The Company's Code of Conduct, which is included in Schedule 2 of the Company's Corporate Governance Plan, aims to encourage the appropriate standards of conduct and behaviour of the directors, officers and employees of the Company.

3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

Compliant: Yes

The Company's Diversity Policy, which is included in Schedule 10 of the Company's Corporate Governance Plan, recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

The Board is responsible for developing measurable objectives and strategies to meet the Objectives of the Diversity Policy (Measureable Objectives) and monitoring the progress of the Measureable Objectives through monitoring, evaluation and reporting mechanisms listed below.

The Board may also set Measurable Objectives for achieving gender diversity and monitor their achievement.

The Board will conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

Due to the small scale of the Company's operations and the limited number of employees, the Company has not yet set Measurable Objectives for achieving gender diversity. The Company will consider establishing measurable objectives as it develops.

3.3 Companies should disclose in each annual report the measureable objectives for achieving set by the Board in accordance with the diversity policy and progress in achieving them. Compliant: No

Due to the small scale of the Company's operations and the limited number of employees, the Company has not yet set measurable objectives for achieving gender diversity. The Company will consider establishing measurable objectives as it develops.

3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board. Compliant: Yes

	2012	Percentage
Women on the Board	-	0%
Women in Senior Management Roles	1	100%
Women Employees	1	25%

3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3. Compliant: Yes.

The Board will include in the Annual Report each year:

- measurable objectives (if any) set by the Board;
- progress against the objectives; and,
- the proportion of women employees in the whole organisation at senior management and at Board level.

The Company will explain any departures from Corporate Governance Principles and Recommendations 3.1, 3.2, 3.3 and 3.4 in the Corporate Governance Statement and its future annual reports.

4. Safeguard integrity in financial reporting

4.1 The Board should establish an audit committee. Compliant: No.

A formal Audit and Risk Committee Charter has been adopted by the Company, which is contained in Schedule 3 of the Company's Corporate Governance Plan.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of an audit committee and a nomination committee. The Board considers that, at this stage, no efficiencies or other benefits would be gained by establishing a separate audit committee or a separate nomination committee.

4.2 The audit committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent chair, who is not chair of the Board; and,
- has at least three members.

Compliant: No

Refer to 4.1 above.

4.3 The audit committee should have a formal charter. Compliant:Yes

A formal Audit and Risk Committee Charter has been adopted by the Company, which is contained in Schedule 3 of the Company's Corporate Governance Plan.

4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4. Compliant: Yes.

The Company does not have an audit committee. The Board carries out the duties of the audit committee.

The Company will explain any departures from the Corporate Governance Principles and Recommendations 4.1, 4.2 and 4.3 (if any) in its future annual reports.

5. Make timely and balanced disclosure

5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies. Compliant: Yes

The Company's Continuous Disclosure Policy, which is contained in Schedule 7 of the Company's Corporate Governance Plan, is designed to ensure the compliance with ASX Listing Rule disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

5.2 Companies should provide the information indicated in Guide to Reporting on Principle 5. Compliant: Yes

The Company will provide an explanation of any departures from Corporate Governance Principle and Recommendation 5.1 in its future annual reports.

6. Respect the rights of shareholders

6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. Compliant: Yes

The Company has adopted a Shareholder Communications Strategy, contained in Schedule 11 of the Company's Corporate Governance Plan, which aims to ensure that the shareholders of the Company are informed of all major developments affecting the Company's state of affairs.

The strategy provides that information will be communicated to shareholders through:

a) the Annual Report delivered by post or email (on request) which is also placed on the Company's website;
b) the half yearly report which is placed on the Company's website;
c) the quarterly reports which are placed on the Company's website;
d) disclosures and announcements made to the ASX copies of which are placed on the Company's website;
e) notices and explanatory memoranda of Annual General Meetings (AGM) and Extraordinary General Meetings (EGM), copies of which are placed on the Company's website;
f) the Chairman's address and the Managing Director's address made at the AGMs and the EGMs, copies of which are placed on the Company's website;
g) the Company's website on which the Company posts all announcements which it makes to the ASX; and,
h) the auditor's lead engagement partner being present at the AGM to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6. Compliant: Yes

The Company will provide an explanation of any departures from Corporate Governance Principle and Recommendation 6.1 (if any) in its future annual reports.

7. Recognise and manage risk

7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. Compliant: Yes and No

Given that the Company is in its early stages of development, and given the current size and structure of the Board, the Board has not established a separate audit and risk committee. However the Audit and Risk Committee Charter contained in the Company's Corporate Governance Plan sets out the Company's policies for the oversight and management of material business risks.

The Board will carry out the duties of the audit committee in accordance with the formal terms of reference set out in the Company's Corporate Governance Plan.

The Board will carry out the duties of the audit and risk committee. The Board is responsible for determining the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

7.2 The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks. Compliant: Yes

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business in addition to those identified by the Audit and Risk Committee (once established). Key operational risks and their management will be recurring items for deliberation at Board Meetings.

7.3 The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. Compliant: Yes.

The Board will seek the relevant assurance from the chief executive officer and chief financial officer (or their equivalents) at the relevant time.

7.4 Companies should provide the information indicated in Guide to Reporting on Principle 7. Compliant: Yes

The Company will provide an explanation of any departures from Corporate Governance Principles and Recommendations 7.1, 7.2 and 7.3 (if any) in its future annual reports.

8. Remunerate fairly and responsibly

8.1 The Board should establish a remuneration committee. Compliant: No

A formal Remuneration Committee Charter has been adopted by the Company, which is contained in Schedule 4 of the Company's Corporate Governance Plan. However, given that the Company is in its early stages of development and given the current size and structure of the Board, the Board has not established a separate remuneration committee.

This will be reviewed as the Company's circumstances change.

Until a Remuneration Committee is established, the Board will carry out the duties of the Remuneration Committee in accordance with the formal terms of reference of the Remuneration set out in the Company's Corporate Governance Plan.

8.2 The remuneration committee should be structured so that it:

- consists of a majority of independent directors;
- is chaired by an independent director; and,
- has at least three members.

Compliant: No

Refer to 8.1 above.

8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. Compliant: Yes and No

Executive Directors remuneration packages may comprise of:

- fixed salary;
- performance based bonuses;
- participation in any share/option scheme; and,
- statutory superannuation.

Independent Non-executive Directors receive fixed directors fees only, and do not participate in any performance-based remuneration. Fixed Director's fees may be paid in the form of cash, share options or a combination of both. Share options are issued on similar terms to previous issues by the entity and are considered to be in lieu of cash, not based on performance of the entity.

Full remuneration disclosure, including superannuation entitlements has been included in the Director's Report and will be provided by the Company in its future annual reports.

8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8. Compliant: Yes.

The Company will provide an explanation of any departures from Corporate Governance Principles and Recommendations 8.1, 8.2 and 8.3 (if any) in its future annual reports.

1 Distribution of holders

As at 24 September 2012 the distribution of shareholders was as follows:

Ordinary shares

Size of holding	Number of holders
1 – 1,000	24
1,001 –5,000	11
5,001 – 10,000	66
10,001 – 100,000	214
100,001 and over	80
Total	**395**

2 Voting rights

There are no restrictions to voting rights attached to the ordinary shares. On a show of hands every member present in person will have one vote and upon a poll, every member present or by proxy will have one vote each share held.

3 Substantial shareholders

The names of the substantial shareholders who have notified the Company in accordance with Section 671B of the Corporation Act 2001 are;

Shareholder	Shares held	Percentage interest %
John Prineas	10,214,221	16.20
Impulzive Pty Ltd <Dawson Superannuation Fund>	8,354,990	13.26
Oceanic Capital Pty Ltd	7,456,949	11.84

4 Top 20 shareholders

The names of the 20 largest shareholders on the share register as at 24 September 2012, who hold 65.11% of the ordinary shares of the Company, were as follows;

Shareholder	Number
John Prineas	8,355,021
Impulzive Pty Ltd <Dawson Superannuation A/C>	8,354,990
Oceanic Capital Pty Ltd	6,199,718
Yarandi Investments Pty Ltd <Griffith Family No 2 A/C>	2,325,000
St Barnabas Investments Pty Ltd <St Barnabas Super Fund A/C>	2,222,222
AWD Consultants Pty Ltd <Stevens Super Fund A/C>	1,500,000
Mr Robert Wittenoom	1,274,985
Oceanic Capital Pty Ltd	1,257,231
Mr William Henry Hernstadt	1,171,499
Osiris Capital Investments Pty Ltd	1,111,111
Riverfront Nominees Pty Ltd <MCM Family A/C>	1,111,111
Mr Timothy Matthew Shaun Hronsky	1,062,500
Dixtru Pty Limited	1,050,000
Mr John Prineas	744,000
Mr James Ian Stewart	652,496
Clariden Capital Limited	600,000
JBN Holdings Pty Ltd	540,000

Charub Pty Ltd	500,000
Chelsea Securities Limited <A/C Client>	500,000
Zeus Private Equity Pty Ltd	500,000

5 Top 20 option holders

The names of the 20 largest option holders on the share register as at 24 September 2012, who hold 71.54% of the listed options of the Company, were as follows;

Shareholder	Number
John Prineas	6,226,267
Impulzive Pty Ltd <Dawson Superannuation A/C>	6,226,244
Oceanic Capital Pty Ltd	4,234,325
Mr Robert Wittenoon	2,366,667
AWD Consultants Pty Ltd <Stevens Super Fund A/C>	2,000,000
St Barnabas Investments Pty Ltd <St Barnabas Super Fund A/C>	1,925,466
Yarandi Investments Pty Ltd <Griffith Family No 2 A/C>	1,762,500
Clariden Capital Limited	1,360,000
Riverfront Nominees Pty Ltd <MCM Family A/C>	1,090,003
Dixtru Pty Limited	1,050,000
Osiris Capital Investments Pty Ltd	1,000,003
Bill Brooks Pty Ltd <Bill Brooks Super Fund A/C>	712,500
Mr Frank Hung	695,773
Mr Charles Prineas	612,500
Mr Timothy Matthew Shaun Hronsky	531,250
Zeus Private Equity Pty Ltd	515,000
Mr Trent Clement Barnett + Mrs Jane Nicole Barnett <Barnett Family S/F A/C>	512,500
Bedivere Holdings Pty Ltd <The Round Table A/C>	500,000
Pershing Australia Nominees Pty Ltd	483,333
Mr John Prineas	483,000

6 Consistency with business objectives

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way the consistent with its stated objectives.

SCHEDULE OF TENEMENTS

St George Mining Limited mineral interest as at 24 September 2012

TENEMENT SCHEDULE – PINE CREEK PROPERTY

Tenement ID	Registered Holder	Equity	Status	Grant Date	Area
EL 27732	Geotech International Pty Ltd & James Stewart	50% each	Granted	25 Nov 2010	25 sub-blocks
EL 28016	Blue Thunder Resources Pty Ltd	100%	Granted	25 Nov 2010	254 sub-blocks
EL 28017	Blue Thunder Resources Pty Ltd	100%	Granted	25 Nov 2010	58 sub-blocks
EL 28232	Blue Thunder Resources Pty Ltd	100%	Granted	28 Mar 2011	5 sub-blocks
EL 28332	Blue Thunder Resources Pty Ltd	100%	Granted	25 Aug 2011	21 sub-blocks
EL 28463	Blue Thunder Resources Pty Ltd	100%	Granted	25 Aug 2011	26 sub-blocks
EL 28465	Blue Thunder Resources Pty Ltd	100%	Granted	25 Aug 2011	15 sub-blocks

Notes:

1. All tenements are in the Northern Territory.
2. EL = Exploration Licence
3. EL 27732 is subject to an Option Agreement with the registered holder whereby Blue Thunder Resources Pty Ltd can acquire an 80% interest in the tenement.
4. All other tenements are registered in the name of Blue Thunder Resources Pty Ltd which holds a 20% interest for the benefit of Geotech International Pty Ltd and James Stewart.

TENEMENT SCHEDULE – EAST LAVERTON PROPERTY

Tenement ID	Registered Holder	Status	Equity	Grant Date (Application Date)	Area Blocks
E39/0981	Desert Fox Resources Pty Ltd	Granted	100	02 Aug 2004	18 BL
E39/0982	Desert Fox Resources Pty Ltd	Granted	100	02 Aug 2004	18 BL
E39/0985	Desert Fox Resources Pty Ltd	Granted	100	02 Aug 2004	13 BL
E39/1064	Desert Fox Resources Pty Ltd	Granted	100	02 Aug 2004	18 BL
E39/1229	Desert Fox Resources Pty Ltd	Granted	100	09 Nov 2007	87 BL
E39/1472	Desert Fox Resources Pty Ltd	Granted	100	14 Jan 2010	14 BL
E39/1473	Desert Fox Resources Pty Ltd	Granted	100	14 Jan 2010	1 BL
E39/1474	Desert Fox Resources Pty Ltd	Granted	100	14 Jan 2010	5 BL
E39/1475	Desert Fox Resources Pty Ltd	Granted	100	14 Jan 2010	2 BL
E39/1476	Desert Fox Resources Pty Ltd	Granted	100	14 Jan 2010	11 BL
E39/1467	Desert Fox Resources Pty Ltd	Granted	100	13 Jan 2010	11BL
E39/1492	Desert Fox Resources Pty Ltd	Granted	100	16 Apr 2010	8 BL
E39/1518	Desert Fox Resources Pty Ltd	Granted	100	23 June 2010	59 BL
E39/1519	Desert Fox Resources Pty Ltd	Granted	100	23 June 2010	1 BL
E39/1520	Desert Fox Resources Pty Ltd	Granted	100	23 June 2010	27 BL
E39/1521	Desert Fox Resources Pty Ltd	Granted	100	23 June 2010	58 BL
E39/1549	Desert Fox Resources Pty Ltd	Granted	100	4 Oct 2010	37 BL
E39/1565	Desert Fox Resources Pty Ltd	Granted	100	17 Dec 2010	66 BL
E39/1572	Desert Fox Resources Pty Ltd	Granted	100	20 Jan 2011	23 BL
E39/1601	Desert Fox Resources Pty Ltd	Granted	100	12 May 2011	8 BL
E39/1608	Desert Fox Resources Pty Ltd	Granted	100	1 July 2011	124 BL
E39/1655	Desert Fox Resources Pty Ltd	Granted	100	20 April 2012	30 BL
E39/1666	Desert Fox Resources Pty Ltd	Granted	100	25 June 2012	8 BL
E39/1667	Desert Fox Resources Pty Ltd	Granted	100	25 June 2012	16 BL

Notes:
1. All tenements are in Western Australia.
2. E = Exploration Licence

TENEMENT SCHEDULE – LAKE MINIGWAL PROPERTY

Tenement ID	Registered Holder	Status	Equity	Grant Date (Application Date)	Area Blocks
E39/1677	St George Mining Limited	Pending	100	6 December 2011	60 BL
E39/1678	St George Mining Limited	Pending	100	6 December 2011	70 BL

Notes:
1. All tenements are in Western Australia.
2. E = Exploration Licence

ST GEORGE
MINING LIMITED