

22 January 2013

ST GEORGE IDENTIFIES HIGH PRIORITY DRILL TARGETS AT RED DRAGON REE PROSPECT

HIGHLIGHTS

- **Infill MMI soil geochemical survey identifies strongly anomalous and coincident heavy and light REE values**
- **High priority target identified for drilling in Q2 2013**
- **A\$122,000 Government grant awarded for drilling programme at Red Dragon**

RED DRAGON RARE EARTH PROSPECT (100% ST GEORGE)

St George Mining Limited (ASX: **SGQ**) ('St George Mining' or 'the Company') is pleased to provide an update on exploration at its 100% owned Red Dragon rare earth element (REE) Prospect at the Company's East Laverton Property in the NE Goldfields region of Western Australia.

Infill MMI Soil Survey

A strongly coincident area of anomalous light and heavy REE's was identified at Red Dragon by the Company's 2011 multi-element MMI (mobile metal ion) regional soil survey. This high priority area forms an ovoid shape measuring 2km x 1.5km, which is situated within a large carbonatite alteration system covering over 60 sq km.

During Q3 2012 an infill MMI soil survey was completed over this priority area (the northern infill grid) as well as over two other priority targets (the central and southern infill grids). The assay results from the infill survey are now available and we are pleased to confirm that the assays indicate strongly anomalous REE geochemical values in these three target areas.

The REE geochemical responses are strongly anomalous to background and there is little variation in the strength of the values between the heavy and light REE groups. St George Mining believes that this geochemical footprint is consistent with and provides additional support for an underlying carbonatite with REE mineralisation.

In analysing the infill survey, three geochemical indexes were used to assist in assessing the results and to highlight potential drill targets: the carbonate index (Ca+Mg+Ba+Sr); the light rare earth index (Ce+Gd+La+Pr+Sm); and the heavy rare earth index (Dy+Er+Eu+Tb+Yb+Y).¹

The attached figures illustrate the highly anomalous levels identified over the northern infill grid in respect to each of the abovementioned geochemical indexes as well as Total REE (TREE).

¹ Carbonate index: Ca+Mg+Ba+Sr (calcium + magnesium + barium + strontium)

Light rare earth index: Ce+Gd+La+Pr+Sm (cerium + gadolinium + lanthanum + praseodymium + samarium)

Heavy rare earth index: Dy+Er+Eu+Tb+Yb+Y (dysprosium + erbium + europium + terbium + ytterbium + yttrium)

Drilling Programme

A reconnaissance drilling programme of the Red Dragon REE Prospect is scheduled for Q2 2013. Four (4) RC (reverse circulation) holes, each with a target depth of 250 metres, are planned for this campaign.

The objective of the reconnaissance drilling will be to establish a third dimension to the extensive carbonatite-REE surface alteration system which is indicated by the current geochemical and geophysical signature.

The drilling will also provide more specific information as to the mineral composition of the areas being tested, specifically the minerals present and the relative amounts of light and heavy rare earths in this mineral system.

Government Drilling Grant

St George Mining is also pleased to announce it has been awarded a grant of \$122,000 to be applied towards the direct drilling costs of the reconnaissance RC drilling at the Red Dragon REE Prospect.

The grant was awarded under the West Australian Government's "Innovative Drilling Program" within its Exploration Incentive Scheme (EIS).

St George Mining Executive Chairman John Prineas said, "The support of the Western Australian Government is a positive recognition of the innovative work the Company is undertaking in the East Laverton area.

"The Company appreciates the support from the Western Australian Government and the Geological Survey of Western Australia in progressing the exploration of this strategically important prospect.

"This funding support and the positive initial results we are seeing at Red Dragon has placed St George in a great position to have a strong start in what is shaping as a very exciting 2013."

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

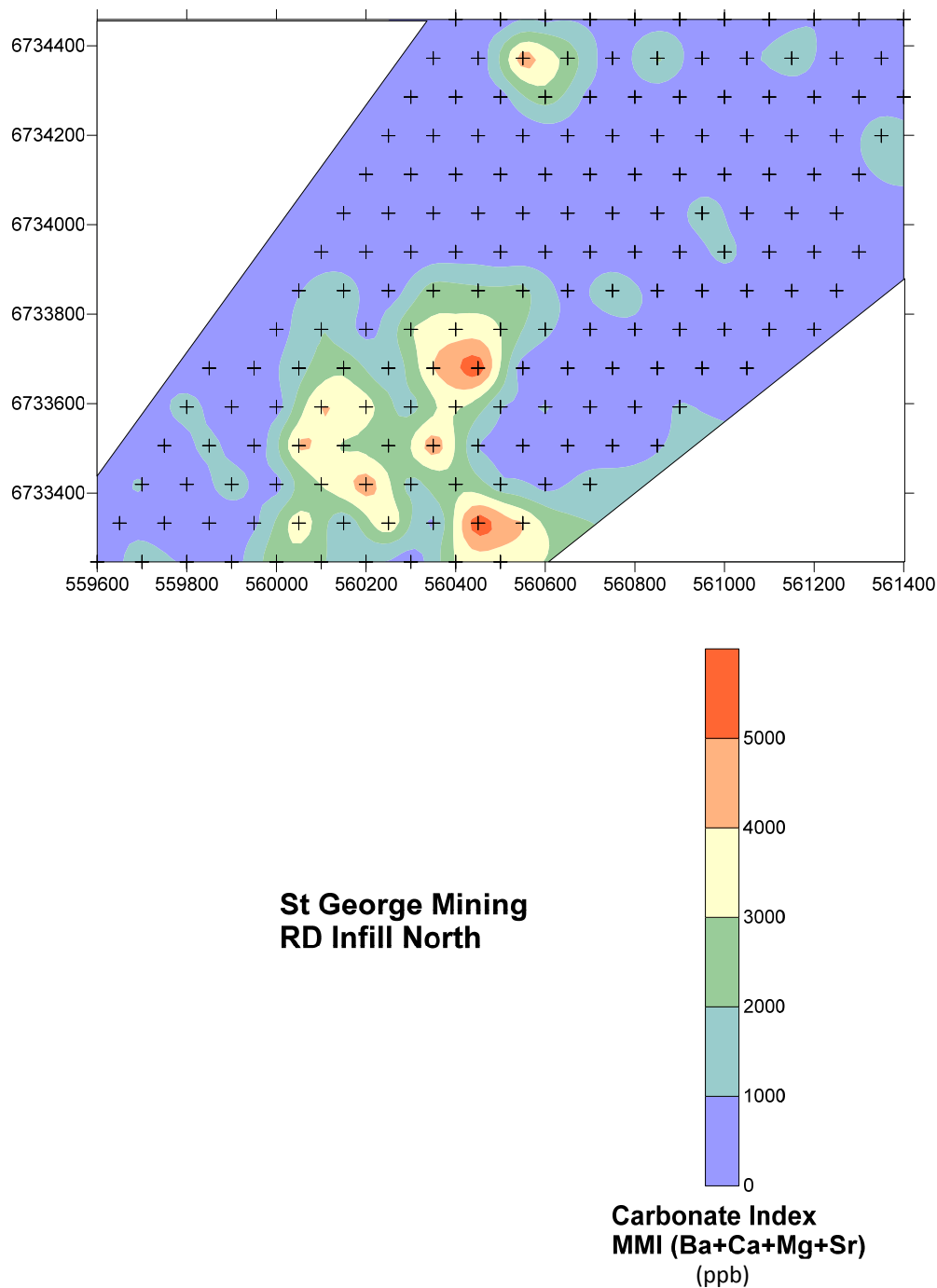


Figure 1 – the carbonate index MMI (Ba+Ca+Mg+Sr) indicates a zone of exclusively alkali earth elements on the southern side of the northern infill area, and extending NNW. This suggests a potential carbonate phase in this system.

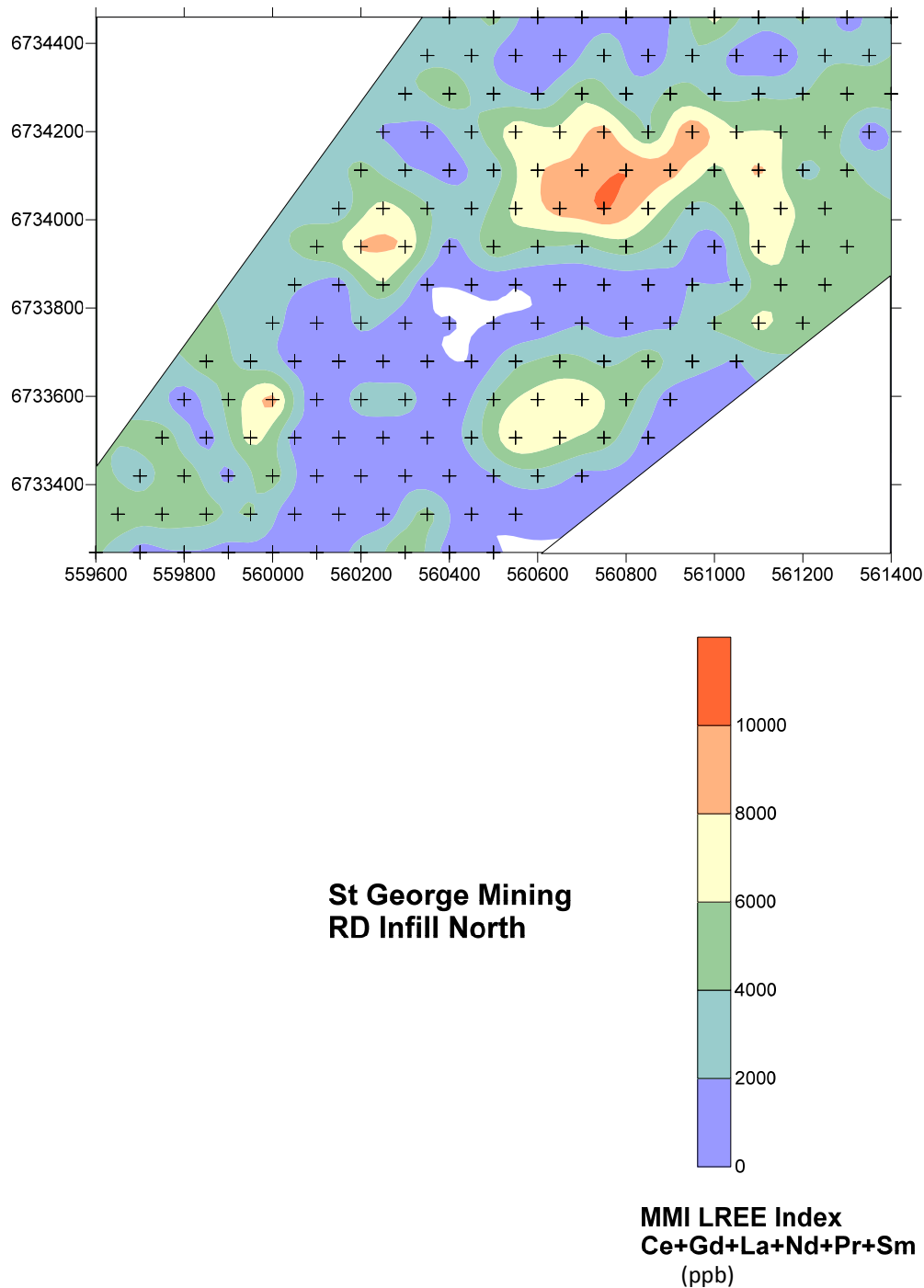


Figure 2 - a LREE index comprising the light rare earth elements Ce, Gd, La, Pr and Sm is a way of summarising average light rare earth element distribution. Typically, LREE's are low in the area occupied by alkali-earth (carbonate) elements. The index for the northern infill grid shows a zone high in LREE to the north-east of the potential carbonate zone.

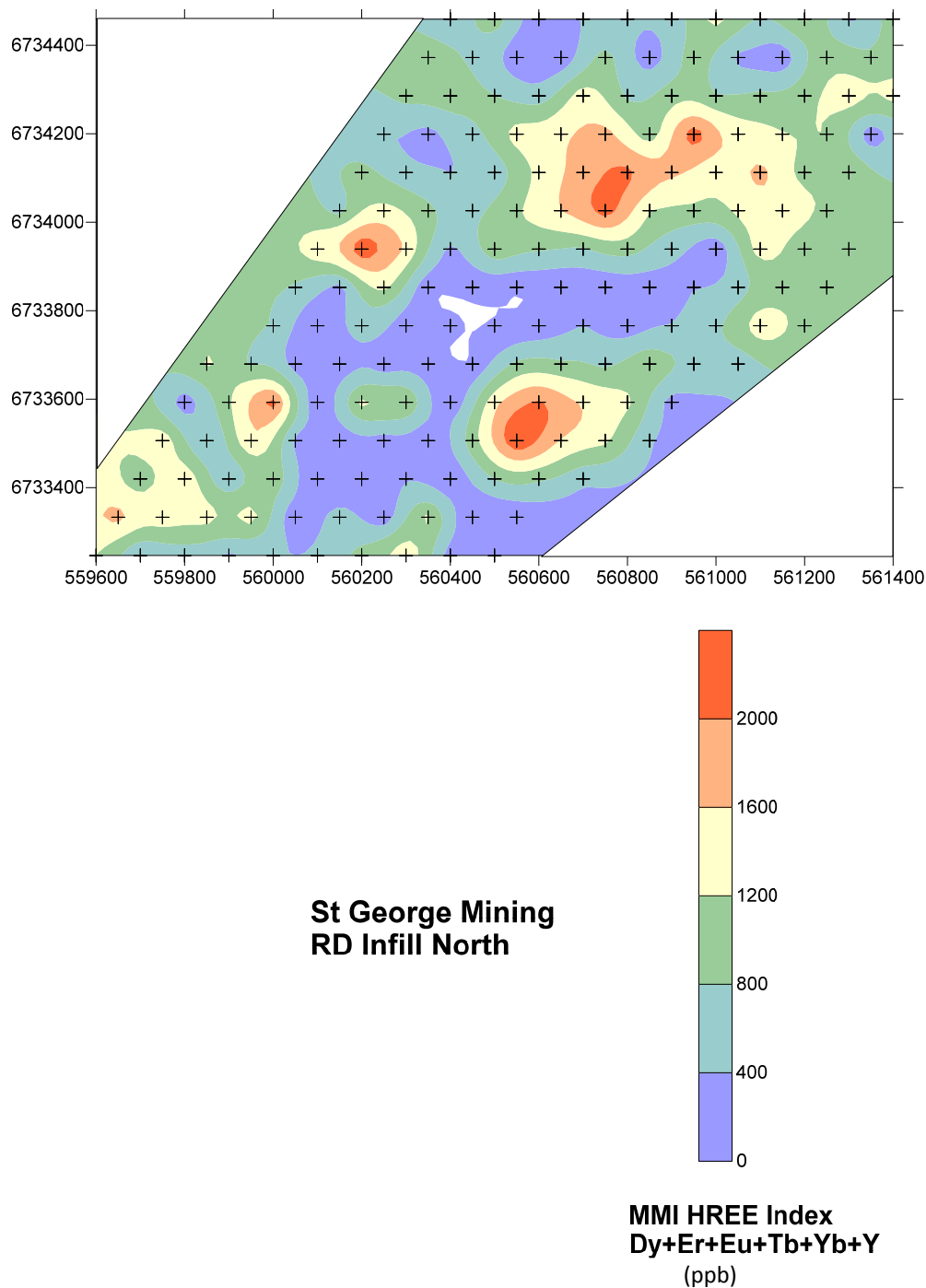


Figure 3 – A HREE index comprising Dy+Er+Eu+Tb+Yb+Y is a way of summarising the distribution of the heavy rare earth elements. The MMI image of the northern grid for HREE shows a very similar pattern to LREE, and there appears to be little segregation of light and heavy rare earths.

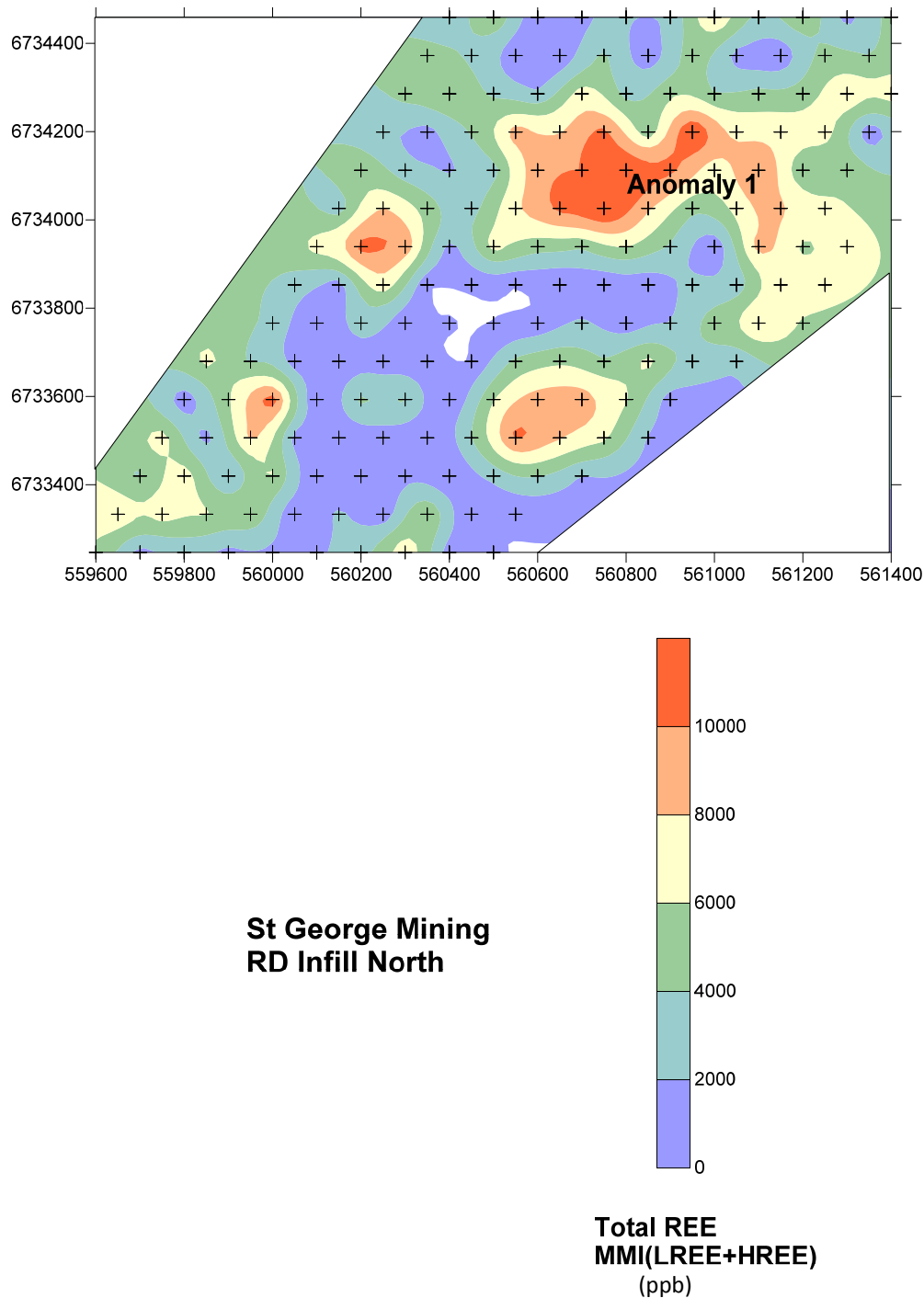


Figure 4 - Total rare earths (TREE) are given by the index LREE+HREE. For the northern grid, the TREE index shows a coherent high value REE anomaly (Anomaly 1) in the northern sector. Anomaly 1 has an extensive area (250m x 100m) with greater than 10,000 TREE Index values. The maximum value of 12,678 for TREE is at 560750E 6734026N, which presents as a high priority drill target.