



ST GEORGE
MINING LIMITED

ABN 21 139 308 973

**HALF YEARLY REPORT FOR THE
HALF YEAR ENDED 31 DECEMBER 2012**



THIS INTERIM FINANCIAL REPORT DOES NOT INCLUDE ALL THE NOTES OF THE TYPE NORMALLY INCLUDED IN AN ANNUAL FINANCIAL REPORT. ACCORDINGLY, THIS REPORT IS TO BE READ IN CONJUNCTION WITH THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2012 AND ANY PUBLIC ANNOUNCEMENTS MADE BY ST GEORGE MINING LIMITED DURING THE INTERIM REPORTING PERIOD IN ACCORDANCE WITH THE CONTINUOUS DISCLOSURE REQUIREMENTS OF THE *CORPORATIONS ACT 2001*.

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DIRECTORS' REPORT

The Directors are pleased to submit their report on St George Mining Limited for the half-year ended 31 December 2012. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows.

DIRECTORS

The names of the Directors who held office during or since the end of the half-year are:

John Prineas B.EC, LL.B F FIN – Executive Chairman

Timothy Hronsky B.ENG (Geology) MAUSIMM, MSEG – Executive Director

Marcus Michael B.BUS, CA – Non-Executive Director

REVIEW AND RESULTS OF OPERATIONS

A summary of revenues and results for the half-year is set out below:

	2012	
	Revenues	Results
	\$	\$
Revenues and (Loss)	12,949	(327,954)

During the six months period the exploration and evaluation expenditure was \$777,801. In accordance with the Group's accounting policy these costs were written off. Administration costs were \$358,086 and income tax refund, pursuant to the Federal Government's Research and Development Tax Incentive Scheme for the year ended 30 June 2012, was \$794,984, resulting in a total loss for the six months of \$327,954.

JULY – DECEMBER 2012 REVIEW OF OPERATIONS

The Board is pleased to provide the following half yearly activities report.

EAST LAVERTON NICKEL EXPLORATION (100% ST GEORGE)**Cambridge Nickel Prospect**

During the reporting period, the Company announced that it had identified an advanced high priority nickel sulphide target – the Cambridge Nickel Prospect (100% St George).

A moving loop EM survey was completed over a focussed area at Cambridge to assist in the definition of drill targets. A drilling programme commenced in November 2012 but was terminated prematurely due to a combination of adverse ground and weather conditions.

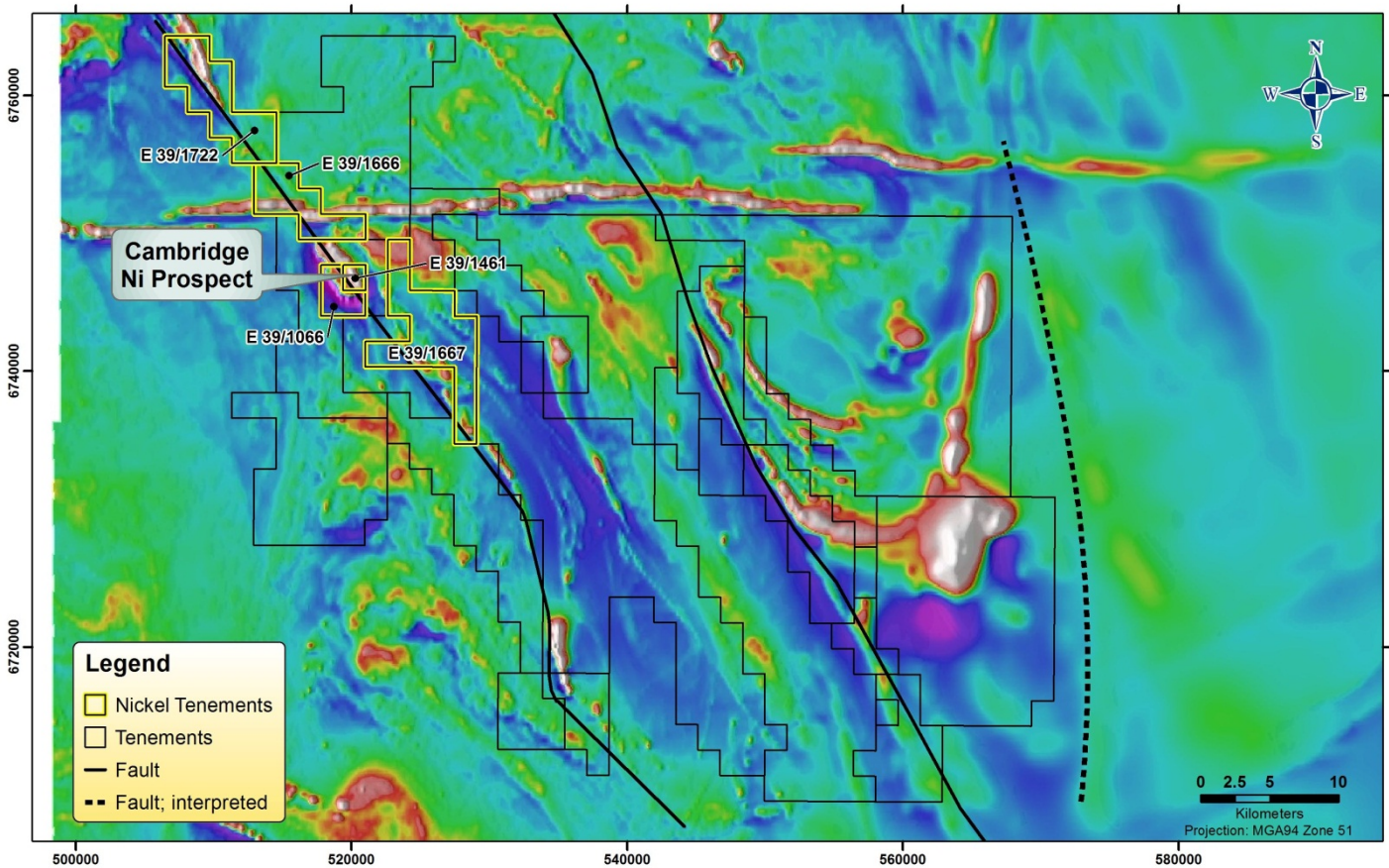
Two drill holes were partially completed, CAMRC-001 was drilled to a depth of 168 metres, while CAMRC-002 reached a depth of 150 metres. Both holes achieved sufficient penetration into the upper portion of this large ultramafic body to confirm the highly prospective nature of the Cambridge target.

The assay results for both holes detected extensive intervals of ultramafic with a high nickel content, together with elevated levels of chrome (Cr) and magnesium oxide (MgO). This geochemical profile is consistent with an ultramafic lithology that is prospective for nickel sulphide mineralisation.

New Nickel Areas

The Company was granted two tenements on 25 June 2012 (E39/1666 and E39/1667) which collectively added a further 76 sq km to the Company’s 100% owned portfolio of nickel tenements. The tenements are strategically positioned on the highly prospective Stella Range Fault and komatiite (ultramafic) horizon.

The Company has also applied for E39/1722 which covers the northern extension of the Stella Range ultramafic belt and extends the Company’s dominant coverage of this belt by a further 12 km, see Figure 1.



St George Mining Limited - Nickel Tenements Over Aeromagnetics



Figure 1 – St George’s tenements at the East Laverton Property are shown over magnetics. The 100% St George nickel tenements along the highly prospective Stella Range ultramafic belt are outlined in yellow including the new application for E39/1722

PROJECT DRAGON - NICKEL EXPLORATION

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 reporting period, a reconnaissance RC drilling programme was completed by the Partner at Project Dragon and drill results were announced by the Company on 23 and 25 October 2012.

Drilling identified primary nickel sulphide mineralisation, the first primary nickel mineralisation ever to be identified at the East Laverton Property. This drilling programme has established the presence of fertile, high MgO ultramafic sequences locally containing nickel.

A total of 35 RC holes were completed at Project Dragon for 8,560m with 7 nickel targets being tested. The location of the prospects and key intercepts targeted in the drill programme are shown in Figure 2.

Two drill holes on the Stella Range horizon, DRAC 35 and DRAC 38, intersected disseminated nickel sulphide mineralisation (e.g. 18m @ 0.40%Ni from 100m at DRAC 35). Disseminated nickel sulphides can be a peripheral expression of massive nickel sulphide mineralisation.

For further details of the Project Dragon farm-in arrangement see the ASX Release dated 6 April 2011 issued by St George Mining and on our website at www.stgm.com.au/project-dragon.html.

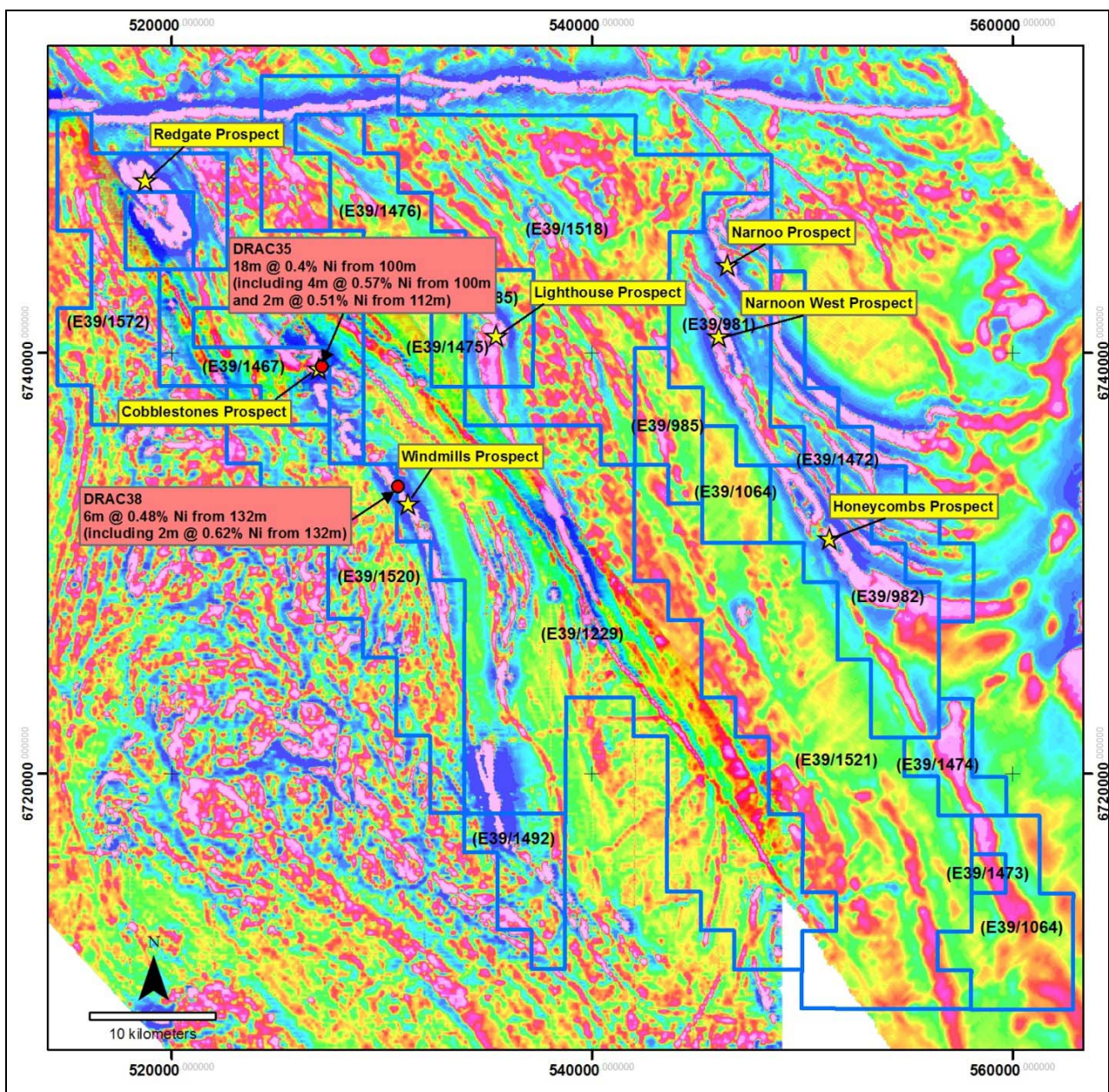


Figure 2 - Prospect locations and significant intersections from the RC program at Project Dragon.

EAST LAVERTON GOLD EXPLORATION

Two gold prospects were drilled during the period as part of the 2012 RC drilling programme. These were the Athena Au Prospect and the Desert Dragon Au Prospect.

The holes at both prospects encountered zones of intense potassium feldspar + silica + biotite alteration which is consistent with the presence of oxidized and alkaline hydrothermal fluids. The laboratory assays did not detect any significant intersections of gold in these completed holes and a technical review of these prospects is ongoing.

The Company is also assessing further exploration activities for its other high priority gold targets at the Balmoral, Crown and Green Dragon Prospects.

EAST LAVERTON RARE EARTHS POTENTIAL - RED DRAGON

During the period, an infill MMI soil survey was completed over the priority target at the Red Dragon REE prospect (the northern target) as well as over two other targets (the central and southern targets).

The assay results from the infill survey indicated strongly anomalous REE geochemical values in all of these three target areas but particularly highlighted the potential of the northern target.

The northern target is an area with a strong and coincidental light and heavy REE response and is the priority target at this time.

The planned 2013 drill program at Red Dragon will be assisted by a grant of \$122,000 approved for St George Mining under the West Australian Government's "Innovative Drilling Program" that forms part of its Exploration Incentive Scheme (EIS).

PINE CREEK PROPERTY - EXPLORATION ACTIVITIES

A new and refined predictive exploration model for the Pine Creek Property was developed by the Company, following the drill results from the 2011 drilling programme.

This model has generated a new target area in the north of the Property which will be explored during the coming field season.

CORPORATE ACTIVITIES

On 12 October 2012, the Company completed a placement of ordinary shares to sophisticated investors to raise a total of \$735,000 through the issue of 3,500,000 shares at \$0.21 each.

Following the placement, the Company had 66,518,000 ordinary shares on issue.

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.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 8.

This report is made in accordance with a resolution of directors.



John Prineas

Executive Chairman

St George Mining Limited

11 March 2013

11 March 2013

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 review of the financial statements of St George Mining Limited for the period ended 31 December 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 review;
and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

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



JP Van Dieren
Director

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2012

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR HALF-YEAR ENDED 31 DECEMBER 2012**

AUSTRALIAN DOLLAR (\$)	31 DECEMBER 2012	31 DECEMBER 2011
REVENUE FROM CONTINUING OPERATIONS	12,949	32,891
EXPENDITURE		
Administration expenses	(358,086)	(358,189)
Exploration expenditure written off	(777,801)	(2,071,669)
LOSS BEFORE INCOME TAX	(1,122,938)	(2,396,967)
Income tax benefit / (expense)	794,984	643,756
LOSS AFTER INCOME TAX	(327,954)	(1,753,211)
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to Profit or Loss	-	-
Items that may be reclassified subsequently to Profit or Loss	-	-
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(327,954)	(1,753,211)
LOSS AFTER INCOME TAX ATTRIBUTABLE TO MEMBERS OF THE COMPANY	(327,954)	(1,753,211)
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF THE COMPANY	(327,954)	(1,753,211)
EARNINGS PER SHARE		
Basic and diluted loss per share (cents)	(0.51)	(2.97)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

AUSTRALIAN DOLLAR (\$)	NOTES	31 DECEMBER 2012	30 JUNE 2012
CURRENT ASSETS			
Cash and cash equivalents		493,521	766,420
Trade and other receivables		889,620	3,548
Other assets		5,607	-
TOTAL CURRENT ASSETS		1,388,748	769,968
NON-CURRENT ASSETS			
Security bond		1,000	1,000
Exploration and evaluation expenditure		342,571	342,571
TOTAL NON-CURRENT ASSETS		343,571	343,571
TOTAL ASSETS		1,732,319	1,113,539
CURRENT LIABILITIES			
Trade and other payables		473,690	217,575
Other current liabilities		8,465	13,846
TOTAL CURRENT LIABILITIES		482,155	231,421
TOTAL LIABILITIES		482,155	231,421
NET ASSETS		1,250,164	882,118
EQUITY			
Contributed equity	3	6,615,939	5,920,439
Share option reserve	3	413,335	412,835
Accumulated losses		(5,779,110)	(5,451,156)
TOTAL EQUITY		1,250,164	882,118

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Australian Dollar (\$)	SHARE CAPITAL	SHARE OPTION RESERVE	RESERVE – OPTIONS TO BE ISSUED	ACCUMULATED LOSSES	TOTAL EQUITY
Balance at 1 July 2011	4,447,795	49,840	-	(3,048,385)	1,449,250
Profit (loss) for the period	-	-	-	(1,753,211)	(1,753,211)
Other comprehensive income	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	-	(1,753,211)	(1,753,211)
Shares issued during the period	1,578,600	295,717	62,429	-	1,936,746
Share issue expenses	(105,956)	(7,241)	-	-	(113,197)
Balance at 31 December 2011	5,920,439	338,316	62,429	(4,801,596)	1,519,588
Balance at 1 July 2012	5,920,439	412,835	-	(5,451,156)	882,118
Profit (loss) for the period	-	-	-	(327,954)	(327,954)
Other comprehensive income	-	-	-	-	-
Total comprehensive income (loss) for the period	-	-	-	(327,954)	(327,954)
Shares and options issued during the period	749,600	500	-	-	750,100
Share issue expenses	(54,100)	-	-	-	(54,100)
Balance at 31 December 2012	6,615,939	413,335	-	(5,779,110)	1,250,164

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

AUSTRALIAN DOLLAR (\$)	31 DECEMBER 2012	31 DECEMBER 2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	(571,863)	(1,626,583)
Payments to suppliers and employees	(310,897)	(350,580)
Interest received	10,458	32,891
Other – GST	(81,997)	(21,224)
Net cash outflow from operating activities	(954,299)	(1,965,496)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of tenements	-	-
Net cash flows from investing activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares and options net of capital raising costs	681,400	1,716,542
Net cash inflow/(outflow) from financing activities	681,400	1,716,542
Net decrease in cash and cash equivalents	(272,899)	(248,954)
Cash and cash equivalents at the beginning of the half-year	766,420	1,113,488
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	493,521	864,534

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT**

The half-year financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards including AASB 134: Interim Financial Reporting. Compliance with Australian Accounting Standard ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The interim financial report is intended to provide users with an update on the latest annual financial statements of St George Mining Limited and its controlled entities (the Group). It is recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2012, together with any public announcements made during the half-year.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Group's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2012, the directors have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2012.

It has been determined by the directors that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to Group accounting policies. However, the application of AASB 2011-9 has introduced new terminology for the statement of comprehensive income and also requires that items of other comprehensive income are grouped into two categories;

- (a) Items that will not be reclassified subsequently to profit or loss;
- (b) Items that may be reclassified subsequently to profit or loss.

The directors have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2012. As a result of this review the directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on the Group and, therefore, no change is necessary to Group accounting policies.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

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 Limited 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 period of year that they were controlled. A list of controlled entities is contained in note 7 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 consolidated Statement of Profit or Loss and Other 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.

Going Concern Basis

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the Company is dependent upon it maintaining sufficient funds for its operations and commitments. The directors continue to monitor the ongoing funding requirements of the Company.

The directors are confident that sufficient funding can be secured if required to enable the Company to continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

NOTE 2: SEGMENT INFORMATION

The Group operates in predominantly one business and geographical segment, being mineral exploration in Australia.

NOTE 3: ISSUED CAPITAL

AUSTRALIAN DOLLAR (\$)	31 DECEMBER 2012	31 DECEMBER 2011
(a) Issued and paid up capital		
At the beginning of the reporting period	5,920,439	4,447,795
Shares issued during the reporting period	743,000	1,575,000
Shares issued pursuant to exercise of options	6,600	3,600
Transactions costs arising from issue of shares	(54,100)	(105,956)
At reporting date 66,631,000 (30 June 2012: 63,018,000) fully paid ordinary shares	6,615,939	5,920,439

	31 DECEMBER 2012	31 DECEMBER 2011
Movements in Ordinary Shares	Number	Number
At the beginning of reporting period	63,018,000	52,500,000
Shares issued during the reporting period	3,580,000	10,500,000
Shares issued pursuant to exercise of options	33,000	18,000
Balance at 31 December 2012	66,631,000	63,018,000
Movements in Performance Shares	Number	Number
At the beginning of reporting period	100	100
Balance at 31 December 2012	100	100

There are 100 Performance Shares (convertible into a maximum of 10,000,000 Ordinary Shares) on issue at 31 December 2012, with the terms and conditions as set out in the St George Mining Limited 30 June 2012 Annual Report.

(b) Share Option Reserve

Options to take up ordinary shares in the capital of the Company are as follows:

AUSTRALIAN DOLLAR (\$)	31 DECEMBER 2012	31 DECEMBER 2011
Issued Options		
At the beginning of the reporting period	412,835	49,840
Options issued pursuant to capital raisings	-	240,571
Options issued pursuant to agreement	500	-
Class A Options – share based payments	-	15,894
Class B Options – share based payments	-	17,676
Class C Options – share based payments	-	21,576
Transaction costs arising from issue of shares	-	(7,241)
At reporting date	413,335	338,316

Options to take up ordinary shares in the capital of the Company are as follows:

EXERCISE PERIOD (ON OR BEFORE)	NOTE	EXERCISE PRICE	OPENING BALANCE 1 JULY 2012 NUMBER	OPTIONS ISSUED NUMBER	OPTIONS EXERCISED NUMBER	CLOSING BALANCE 31 DECEMBER 2012 NUMBER
28.11.2014	(i)	\$0.20	48,041,000	500,000	(33,000)	48,508,000
28.11.2013	(ii)	\$0.20	450,000	-	-	450,000
28.11.2014	(ii)	\$0.25	450,000	-	-	450,000
28.11.2015	(ii)	\$0.40	600,000	-	-	600,000

FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2012

- (i) The Company on 2 November 2012 issued 500,000 options, issued at a price of \$0.001 per option, as part consideration due under the Heads of Agreement, between Geotech International Pty Ltd and St George Mining Limited, dated 20 February 2012.
- (ii) The Company agreed and approved at the Company's 2011 Annual General Meeting to allot and issue a total of 1,500,000 Options (Related Party Options) to Mr Tim 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	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	11.11.2011	\$0.145	\$0.20	28.11.2013	3.185%	70%	\$0.03532	\$15,894
Class B Options	11.11.2011	\$0.145	\$0.25	28.11.2014	3.650%	70%	\$0.03928	\$17,676
Class C Options	11.11.2011	\$0.145	\$0.40	28.11.2015	3.800%	70%	\$0.03596	\$21,576

(c) Reserves – options to be issued

	31 DECEMBER 2012 \$	31 DECEMBER 2011 \$
Reserve	-	62,429
	<u>-</u>	<u>62,429</u>

The Company advised on the 2 December 2011 that the Loyalty Option Entitlement made pursuant to the Prospectus dated 19 October 2011 closed on 30 November 2011. The Loyalty Option Issue offered 31,509,000 Loyalty Options on the basis of One (1) Loyalty Option for every two (2) Shares held by Shareholders at an issue price of \$0.01 per option. The number of loyalty options applied for under the entitlement was 24,057,099 leaving a shortfall of 7,451,901.

NOTE 4: CONTINGENCIES

	31 DECEMBER 2012 \$	31 DECEMBER 2011 \$
Estimate of the potential financial effect of contingent liabilities that may become payable.		

Contingent Liabilities

The Company has entered into an option to acquire an 80% interest in Northern Territory tenement ELA 27732 that is prospective for gold and uranium.

500,000	500,000
<u>500,000</u>	<u>500,000</u>

NOTE 5: SUBSEQUENT EVENTS

On 10 January 2013 the Company entered into an Agreement with White Cliff Minerals Limited (“White Cliff”) whereby St George secured first ranking priority for its exploration licence application E39/1722, comprising of 12 graticular sub-blocks contiguous to the Company’s East Laverton Property. Total consideration paid by St George to White Cliff under the Letter of Agreement comprised of 350,000 fully paid ordinary shares and \$70,000 cash.

The Company received the Research and Development grant of \$794,984, included in trade and other receivables, on 15 January 2013.

Except for the above, no other matter or circumstance has arisen since 31 December 2012, which has significantly affected, or may significantly affect the operations of the Group, the result of those operations, or the state of affairs of the Group in subsequent financial years.

NOTE 6: ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are:

Future Rehabilitation

The Group measures the cost of future rehabilitation in relation to its tenements based on probable cost estimations at the date upon which tenements are altered from their original state. Fair values are determined using local data available. No rehabilitation provision is considered necessary at 31 December 2012.

NOTE 7: 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 Limited is required to make all the financial and operating 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%

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 9 to 17 are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 31 December 2012 and of the performance for the 6 months ended on that date of the Group;
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



John Prineas

Executive Chairman

St George Mining Limited

Perth, 11 March 2013

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
ST GEORGE MINING LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of St George Mining Limited, which comprises the condensed statement of financial position as at 31 December 2012, the condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity, and condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for St George Mining Limited ("the consolidated entity"). The consolidated entity comprises both St George Mining Limited ("the company") and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of St George Mining Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of St George Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

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

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of St George Mining Limited on 11 March 2013.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of St George Mining Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Inherent Uncertainty Regarding Going Concern

Without modification to the review conclusion expressed above, attention is drawn to the following matter.

As described in Note 1 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 \$327,954 for the half year ended 31 December 2012 and had working capital of \$906,593. 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 less than book values.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED

(Trading as Stantons International)

(An Authorised Audit Company)

Stantons International Audit and Consulting Pty Ltd



John P Van Dieren
Director

West Perth, Western Australia
11 March 2013

