

**St George Mining Limited
East Laverton Project**

**Minigwal 1:250,000 Map Sheet
SH-5017**

2 August 2011 to 1 August 2012

ANNUAL REPORT

Combined Reporting No: C171/2012

BIBLIOGRAPHIC DATA SHEET

Project Name: East Laverton

Combined Reporting Number: C171/2012 (previously C103/2004)

Tenement Numbers: E39/981, E39/982, E39/985, E39/1064, E39/1229, E39/1461, E39/1467, E39/1472, E39/1473, E39/1474, E39/1475, E39/1476, E39/1492, E39/1518, E39/1519, E39/1520, E39/1521, E39/1549, E39/1565, E39/1572, E39/1601, E39/1608, E39/1655, E39/1666, E39/1667

Tenement Operator: St George Mining Ltd (ASX: SGQ)

Tenement Holder: Desert Fox Resources Pty Ltd

Report Type: ANNUAL REPORT, Combined Reporting No: C171/2012

Report Period: 2nd August 2011 –1st August 2012

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1:250 000 map sheet: Minigwal SH-5107

1:100 000 map sheet: Minigwal (3538), Lightfoot (3539), Jarlemai (3639), Narnoo (3638)

Target Commodity: Au, Ni, Cu, Rare earth elements

Keywords: Mobile Metal Ion, Regional Geochemical Survey, Gold, Nickel Sulphides, Copper, Rare Earth Elements, Reverse Circulation drilling, Air core drilling

Prospects drilled: Desert Dragon Gold prospect and Balmoral Gold prospect; Project Dragon nickel sulphide targets.

List of Assays: See Attached Files

ABSTRACT

Location: The East Laverton Project (formerly the Narnoo project) is located in the NE Goldfields region of Western Australia, within the Minigwal 1:250,000 map sheet, and is approximately 150km southeast of Laverton.

Geology: The greenstone belts have virtually no outcrop and are largely covered by Permian sedimentary rocks (the Patterson Formation) which is dominantly of a glaciogene origin and subsequently overlain by a thinner veneer of more recent sediments and aeolian sands. As a result the geological knowledge of the belt has previously been largely inferred from gravity and magnetic data, locally supplemented by historical drill-hole information. However, the ongoing creation of a regional-scale multi-element MMI (partial leach) geochemical data (from soil sampling) has allowed some inferences to be made regarding the regional setting. The East Laverton property appears to consist of a gneissic domain in its Western Domain that has been metamorphosed to mid to upper amphibolite facies, but preserving a number of areas of high MgO komatiite volcanism due to their refractory nature. The Western Domain, which is flanked the Stella Range Fault to the west and the fundamental Minigwal Fault to the east is dominantly of a gneissic composition, although areas of high MgO komatiite has been preserved. The geology of the Eastern Domain (east of the Minigwal Fault) is less well understood and ongoing exploration has identified a large carbonate + rare-earth complex (possibly Paleoproterozoic in age) that has overprinted a large south verging syncline of lower metamorphic grade and greenstone component.

Work done: Since acquiring this project a key objective of St George has been to increase its understanding of the local geology and the related controls on mineralisation, support this work with new exploration datasets and the creation of a holistic and predictive geological and exploration model. Work on the regional MMI (mobile metal ion) partial-leach soil geochemical programme (500 m spacing) was expanded and identified areas of interest were delineated and infill sampling (50 m spaced) was conducted in this areas to establish drill targets. A reconnaissance reverse circulation drilling programme was conducted in late 2010 and demonstrated that infill sampling (50 m) was required to ensure the accuracy of the drill targets. As a result new gold prospects have been generated and these are more promising than the historical gold targets that are largely confined to the gneissic dome. Ongoing regional exploration in the current period identified new gold, nickel and REE prospects. Exploration drilling was conducted at the Balmoral and Desert Dragon gold prospects.

Results: The results for the 2011-2012 reporting period were the identification of several new gold, nickel-sulphide and rare-earth prospects, with favourable geophysical, geochemical, geological and structural characteristics. Drilling to-date has not established any economic mineral intersections and a property-scale review was undertaken. The review of these activities has identified defects and suggested improvements to the current processes. New drill targets were generated at the Desert Dragon North, Athena and Balmoral North Au prospects during this period and will be tested during the coming period.

Conclusions: St George Mining (ASX: SGQ) through its subsidiary Desert Fox Resources P/L has greatly advanced the understanding and prospectivity of a large area that had undergone very little previous exploration. All the targets of merit at this time were new discoveries generated from the ongoing regional exploration programme. St George's holistic approach to exploration has been rewarded by its steady progress in this largely covered area, with little previous exploration. MMI remains an important exploration tool but validation by successful drilling has not yet been achieved. The outcomes from the dedicated nickel exploration by BHP Billiton Nickel West will be apparent in the coming period.

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LOCATION & ACCESS

St George Mining Limited holds a package of granted tenements and applications covering over 2,000 sq km in the North-Eastern Goldfields region of Western Australia (the “East Laverton Property” or “East Laverton Tenements”). The project area is approximately 150km southeast of Laverton.

The project area is accessible from Laverton by the unsealed Burtville Road towards Jasper Hills through a series of unsealed roads and tracks to property and tracks and old gridlines within the tenements. The northern boundaries are approximately 30km east of the Lightfoot Lake playa lake system.

The area has a flat and readily accessible topography except around the margin of the salt lakes. The location map displayed below illustrates its regional position relevant to the major gold mines and discoveries in the area.



Figure 1 – Location Map of the East Laverton Project.

TENEMENT SCHEDULE

Note to McMahons: Please check and correct table

MANAGER	PROJECT	TID	GRT DATE	GRNO	GRPREP	PERIOD TO	TECH DATE
*STGM	EAST LAVERTON	E39/0981	02-Aug-04	C171/2012	NARNOO	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/0982	02-Aug-04	C171/2012	NARNOO	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/0985	02-Aug-04	C171/2012	NARNOO	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1064	02-Aug-04	C171/2012	NARNOO	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1066	10-Apr-06	C171/2012	NARNOO	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1229	09-Nov-07	C171/2012	NARNOO	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1461		C171/2012	NARNOO	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1467	13-Jan-10	C171/2012	NARNOO	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1472	14-Jan-10	C171/2012	NARNOO	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1473	14-Jan-10	C171/2012	NARNOO	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1474	14-Jan-10	C171/2012	NARNOO	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1475	14-Jan-10	C171/2012	NARNOO	01-Aug-12	28-Oct-12
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*STGM	EAST LAVERTON	E39/1492	16-Apr-10	C171/2012	NARNOO	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1518	23-Jun-10	C171/2012	NARNOO	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1519	23-Jun-10	C171/2012	NARNOO	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1520	23-Jun-10	C171/2012	NARNOO	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1521	23-Jun-10	C171/2012	NARNOO	01-Aug-12	28-Oct-12
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*STGM	EAST LAVERTON	E39/1565	17-Dec-10	C171/2012	EAST LAVERTON	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1572	20-Jan-11	C171/2012	EAST LAVERTON	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1601	12-May-11	C171/2012	EAST LAVERTON	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1608	01-Jul-11	C171/2012	EAST LAVERTON	01-Aug-12	28-Oct-12

*STGM	EAST LAVERTON	E39/1655		C171/2012	EAST LAVERTON	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1666	25-Jun-12	C171/2012	EAST LAVERTON	01-Aug-12	28-Oct-12
*STGM	EAST LAVERTON	E39/1667	25-Jun-12	C171/2012	EAST LAVERTON	01-Aug-12	28-Oct-12

REGIONAL GEOLOGY & METALLOGENY

The East Laverton Project (ELP) is located in the NE corner of the Eastern Goldfields Province (EGP) of the Archean Yilgarn Craton of Western Australia. The EGP is a granite-greenstone terrane that is well endowed in both gold and nickel relative to other similar provinces globally. The ELP tenements cover an area where there is very limited basement outcrop in the project region because of the extensive Permian glaciogene and lesser Cainozoic sedimentary cover sequences. What outcrop that does exist is a consequence of erosion-resistant silicification. The present land surface is ferruginous and siliceous duricrust, calcrete, loamy soil and aeolian sand. The saline playa lake systems, such as Lightfoot Lake, are characterised by gypsiferous dunes and a surface salt crust.

This poses difficulties for exploration and exploration targeting and geological determinations rely heavily on geochemistry and geophysics, along with scant drilling information. Regionally, the project lies ~120 km SE of the Laverton Goldfield (20+ MozAu) and ~100 km to the east of the Tropicana Gold field (10+ MozAu). The Yarmana Goldfield is situated less than 150 km to the north.

Tectonically, the ELP is situated on the eastern margin of the Burtville Terrane and appears proximal to its contact with the younger Yarmana Terrane, further to the east. Ongoing exploration at the ELP by St George has established a number of major north trending regional faults that maybe trans-lithospheric in nature. The recent discovery of what appears to be a large igneous alkaline carbonatite intrusive in the eastern domain of the ELP suggests the unique tectonic setting of this general area.

The ELP is divided into the western and eastern domains relative to the central Minigwal Fault. There is coincidence between the komatiite horizons present at the ELP and these regional north trending faults, suggesting that the current shear zones preserve the latest deformational phase of what were likely overturned thrust folds and duplex thrusts. The general exhumation and erosion of the area is suggested by the presence of basal stratigraphy (ultramafic units). These present as strong linear magnetic responses compared to the more diffuse magnetic response to the north of the E-W cross structure that marks the northern margin of the ELP. The strongly magnetic nature of this E-W structure is likely related to its intrusion by a Paleoproterozoic dyke. Reactivation of older Archean structures during the Paleoproterozoic is evidenced not only by the dolerites but also by similarly aged carbonatite magmatism at Mt Weld REE Mine to west, in the eastern domain of the ELP, and in areas to the south of the ELP.

The ELP is broadly divided into two geological domains relative to their position to the central Minigwal Fault. The western domain is bounded by the Stellar Range Fault and komatiite horizon in the west. The inferred mid to upper amphibolite metamorphism has led to the geology being dominated by various types gneissic rocks. High MgO komatiites have been preserved as result of their refractory nature (high melting temperature than that associated amphibolite facies metamorphism). A subordinate northerly trending fault and komatiite horizon is situated in the central part of the western domain and is locally termed the Lightfoot Fault, the name being taken be the nearby Lake Lightfoot. The western domain contains a number of gold and nickel sulphide targets.

The Minigwal Fault forms the western boundary of the eastern Domain, while the eastern boundary is less well defined. The eastern domain is dominated by a major south verging and plunging synformal structure. The diffuse magnetic response immediately east of the eastern limb suggests major post mineral cover. Archean basement is exposed on a track that follows this eastern limb and while a single diamond hole drilled by BHP in the 1980's, to the SE encountered ~380 m of sedimentary (Permian) cover. The contrast between these two areas suggests a major fault structure is situated on the contact of the eastern limb of the synform and the diffuse magnetic area to the east. The north trending structure was interpreted from magnetics and is locally termed the "Eastern Fault". It is also consistent with the general view that the larger ELP area has been uplifted relative to its surrounds.

WMC geologists interpreted the metamorphic grade from the areas they drilled (which were mostly immediately east of the Minigwal fault) as mid-Amphibolite facies but suggested it was possible the metamorphic grade declines within the Eastern Domain. The compelling magnetic interpretation of this domain was that it hosted a greenstone dominant synclinal fold. However, recent geochemical exploration in this area has identified a large (probably Paleoproterozoic) carbonatite-REE alteration. The relationship between the inferred and actual geology found so far requires further reconciliation.

The gold and nickel prospects show a strong alignment to the major structures present and the proximity of the komatiitic nickel-sulphide and the gold prospects, indicate that these are long-lived fundamental structures that have been reactivated over time. Late reactivation of major Archean structures is evidenced by the intrusion of Paleoproterozoic dolerite dykes and (potentially) a carbonatite-REE complex, within the East Laverton Property. Gold mineralisation appears to be focussed in jogs developed where the shear system was folded into a more northerly orientation, suggesting a late synmineral disruption of the dominant regional shear regime from the cross-cutting NE-SW cross structures. This provides a useful exploration targeting tool. On a project basis, gold mineralisation is focused within the northwest and southeast portions of the Western Domain and hosted by the Stella Range and Minigwal Faults, respectively. This is consistent with the clockwise rotation of the project area in response to late-stage synmineral dextral shearing along the major faults, potentially at the brittle-ductile/ brittle boundary.

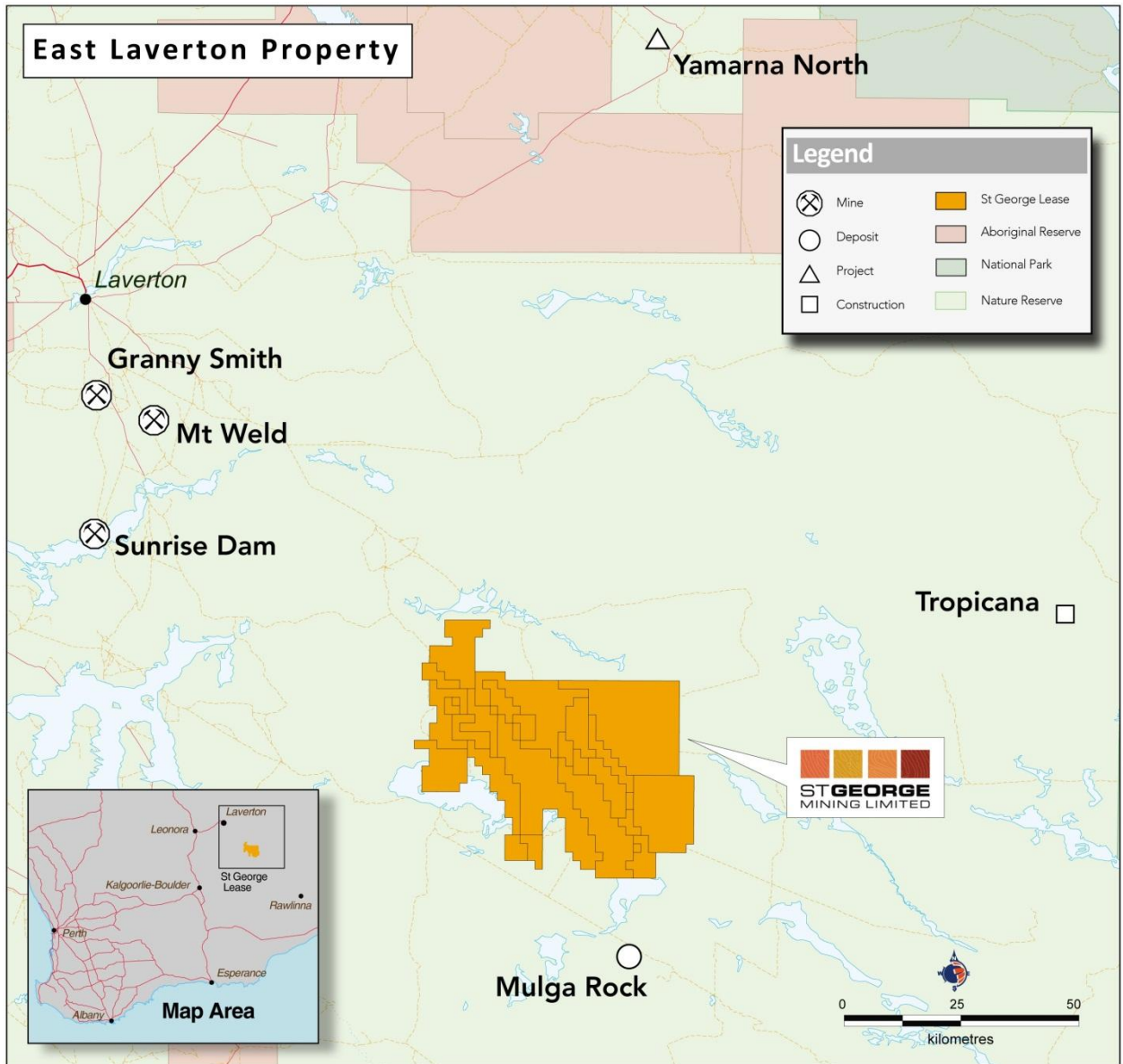


Figure 2 - East Laverton Tenements

GOLD PROSPECTS

DESERT DRAGON AU PROSPECT

A property wide view of past exploration indicated that the Desert Dragon MMI survey also indicated prospective ultramafic units. A discreet gold target was identified from the infill (50 m grid) MMI soil sampling. It will be drill tested in the next reporting period.

The Desert Dragon gold prospect was tested by 9 aircore and 13 reverse circulation holes (total of 2,062m). Drilling intersected significant lengths of altered intervals with disseminated sulphide mineralisation towards the base of the holes but no significant assays were returned.

The property-wide exploration review led to a higher degree of screening applied to the use of MMI anomalies (50 m grids) when generating drill sites. Industry standards recommend the use of MMI Response Ratios, a statistical technique that generates anomalies up to the level of approximately 5 times background. External advice has suggested that screening processes should consider anomalies with at least 10 times background. In addition, it was recognised that drill-hole target depths of 150 m were likely too shallow and future drilling would target 250 m depth.

A drill target has been established for testing in the coming period and St George will drill an anomaly generated from using this new geochemical screening process.

BALMORAL AU PROSPECT

A close-spaced airborne magnetics survey (50 m line spaced lines for 2,404 line km) was flown over the Balmoral gold prospect by FUGRO and the close-spaced data was processed and modelled by Southern Geoscience Consulting (SGC). The 3-D inversion modelling showed a close association between a demagnetised zone and the area that contained the Au-Mo anomalies (Balmoral West and Balmoral South) and the large Au-Ag anomaly at Balmoral north.

There is a structural alignment between Balmoral North and Balmoral South, while Balmoral West appears on the periphery of the magnetic low. Balmoral presents on the regional (200m line spacing) as a notable demagnetised zone along the strongly magnetic Minigwal fault. The consistency of this response illustrated by the inverted 3D-model from the close spaced magnetics (50 m line spacing) provides additional support that this large demagnetised zone may be the result of a localised hydrothermal system.

The strong Mo component at Balmoral West and Balmoral South suggests the hydrothermal gold fluids at Balmoral contain a strong mantle component. The Au-Mo geochemical signature at Balmoral contrast with the Au-Ag geochemical signature at Balmoral North.

A total of 8 reverse circulation holes (637m of drilling) were drilled at the Balmoral West and Balmoral North prospect. The vast majority of these holes were drilled at Balmoral West. The holes did not return any significant assays.

The property-wide exploration review led to a higher degree of screening applied to the use of MMI anomalies (50 m grids) when generating drill sites. Industry standards recommend the use of MMI Response Ratios, a statistical technique that generates anomalies up to the level of approximately 5 times background. External advice has suggested that screening processes should consider anomalies with at least 10 times background. In addition, it was recognised that drill-hole target depths of 150 m were likely too shallow and future drilling would target 250 m depth.

A drill target has been established for testing in the coming period and St George will drill an anomaly generated from using this new geochemical screening process.

GREEN DRAGON AU PROSPECT

A regional MMI soil geochemical survey (500 m grid spacing) conducted in the north of the East Laverton Property, on the northern extensions of the Minigwal Fault, 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.

Further infill (50 m grid spacing) MMI soil sampling will be conducted in the coming period at Green Dragon, and will also include the broader area over and around the historic Crown drilling.

ATHENA AU PROSPECT

At the Athena gold 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. A drill target was generated and will be tested in the coming period.

GOLDEN DRAGON CONCEPTUAL AU TARGET

At E39-1608, a 5 km zone with elevated levels of gold was identified. This geochemically elevated gold zone follows the rim of the eastern limb of the regional synformal structure that dominates the Eastern Domain at the ELP. It does not appear to be of economic importance in its own right, but may be significant from an exploration perspective.

The northern end of the NE trending zone remains open and appears to extend into an area on the eastern synformal rim, where there is a previously generated but untested conceptual gold target (Golden Dragon).

The Golden Dragon conceptual gold target (E39-1608) covers a strongly demagnetised zone that corresponds with an apparent right-lateral extensional section of a NE-SW trending shear zone, located on the eastern margin of an underlying granitoid.

It is planned to extend the regional MMI soil survey to cover this untested area in the next reporting period. The northerly trending conceptual target zone has a strike of approximately 15 km, where it is terminated by an interpreted cross-structure, which likely maps the northern margin of the previously mentioned granitoid.

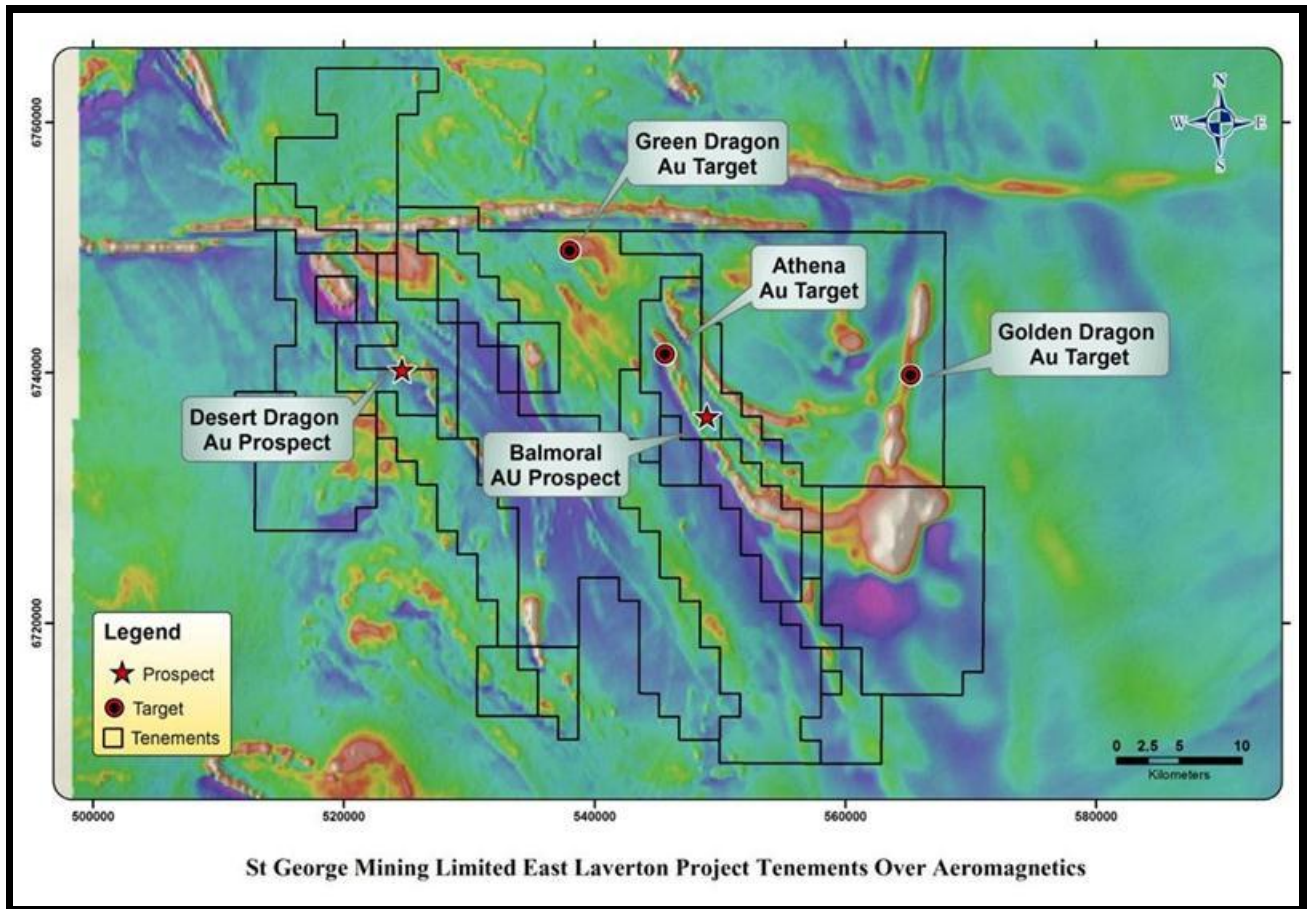


Figure 3 - East Laverton Gold Prospects

St GEORGE NICKEL EXPLORATION

Nickel sulphide exploration at the East Laverton property is conducted in two modes:

- through a farm-in agreement with and managed by BHP Billiton Nickel West, referred to as the Project Dragon Joint Venture and addressed in the next section.
- by St George on its 100% owned prospects, which are currently excluded from the Project Dragon Joint Venture, and referred to below as the “St George Nickel Project”.

The main activity during the reporting period was the identification and initial investigation of the Cambridge Ni prospect, which is situated on tenements recently acquired by St George.

The Cambridge prospect is situated on E39-1066 and E39-1461 and covers a substantial portion of a large ovoid magnetic body (4,000 m x 1,500 m) within the Stella Range Komatiite Horizon, which approximates the northerly trending Stella Range Fault.

Multi-element MMI soil sampling over the area (500m grid) identified a cohesive nickel anomaly, with values ranging from +2,000 to +8,000 ppbNi. Based on MMI standards developed through past surveys in the Yilgarn, the magnetic response was deemed to be a large ultramafic body. St George interpreted this ultramafic body to represent a large adcumulate komatiite channel flow, with the basal contact situated on the eastern margin on the basis of the nickel-cerium (Ni-Ce) geochemical relationship. The vegetation consisted of thin eucalyptus trees (“gimlets”); a variety of flora typically found in soils overlying ultramafic rocks.

The ultramafic body is a prominent magnetic target and this likely reflects the serpentinisation of the inferred adcumulate olivine mineralogy. Further research using the DMP-WAMEX system identified past shallow drilling that identified relict adcumulate and mesocumulate olivine textures, within the weathered zone.

Research into past exploration also identified that a previous TEM moving loop geophysical survey, conducted by Savanna Resources and managed by Southern Geoscience Consultants, had been conducted.

The large body was conductive due to a weathered capping that contained saline water. Other conductors were identified on the eastern margin, one of the two main EM Conductors (historically known as SR-1) occurs on the 100% owned portion of the eastern margin of the dunite body.

Further testing of this main EM conductor and the broader potential of this nickel target will be undertaken in the next reporting period. This will likely encompass a refined EM survey to validate the historical conductors, and if justified some RC drill holes to test them.

In addition to the Cambridge prospect (on E39-1066 and E39-1461) a further two 100% owned “nickel tenements” were granted to St George at the end of this reporting period (E39-1666 and E39-1667). These tenements are proximal to Cambridge and cover further sections of the Stella Range Komatiite Horizon. A multi-element MMI soil sampling (500m grid) will be completed on these tenements early in the 2012-2013 reporting period as an initial screen to identify further nickel-sulphide targets.

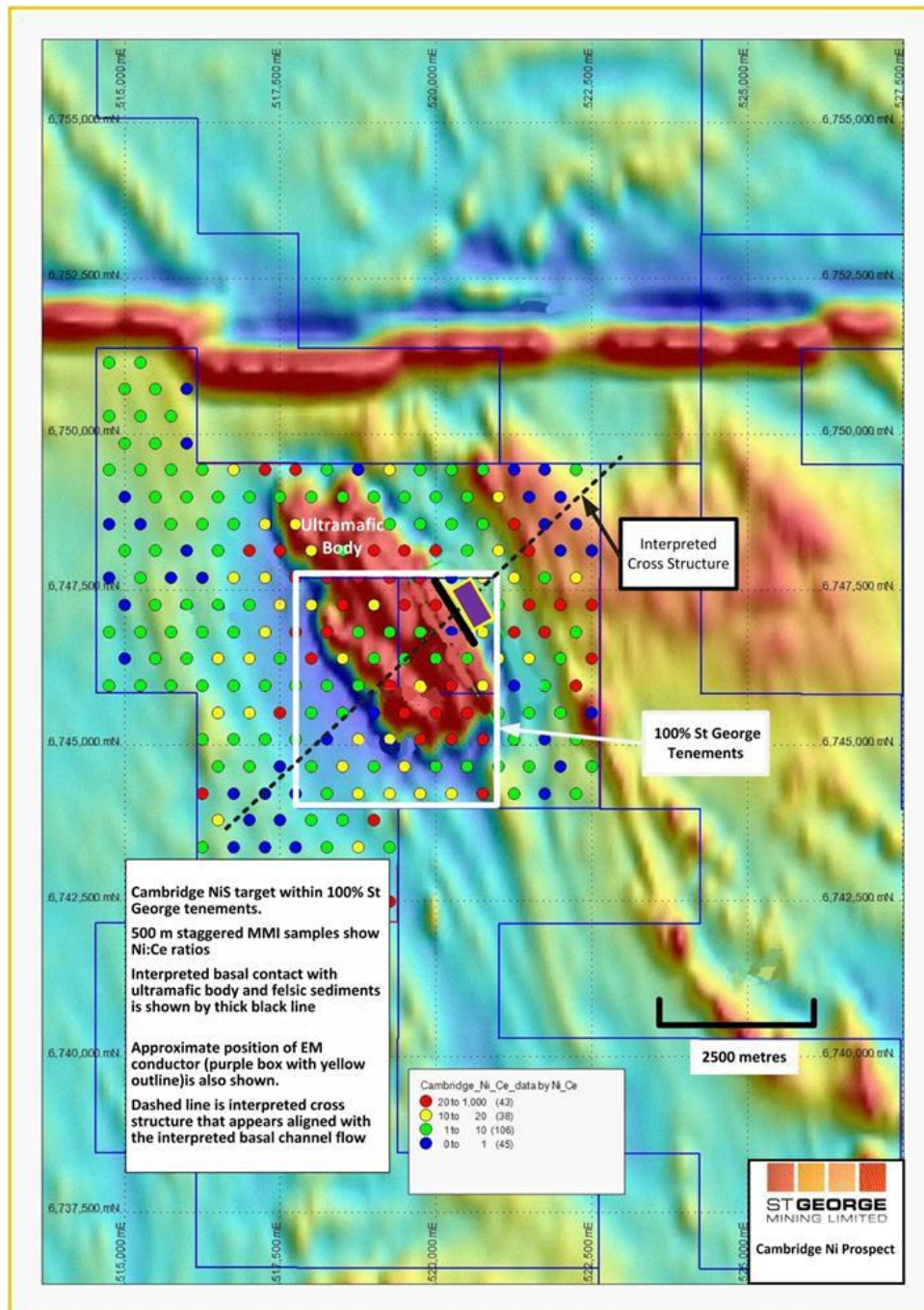


Figure 4 - Cambridge Ni target

PROJECT DRAGON Ni EXPLORATION

BHP Billiton is the manager of the Project Dragon Joint Venture and has prepared a discrete report to describe the exploration activities undertaken as part of the Project Joint Venture. The activity report is presented as Appendix A. Drilling information is presented as Appendix B but does not include drill assays which are pending at this time.

REE EXPLORATION

The identification of the Red Dragon rare earth element (REE) prospect (E39-1565 and E39-1608) was the result of ongoing regional exploration by St George in the Eastern Domain at the East Laverton Property.

Two extensive multi-element MMI (mobile metal ion) soil geochemical surveys have identified a large carbonate + iron + rare-earth alteration footprint key at the Red Dragon prospect, which extends over approximately 60 sq. km. These MMI surveys were initial regional scale surveys (500 m grid spacing) and initially aimed at screening areas for gold, nickel and copper prospectivity. However, a property wide exploration review recognised a unique geochemical footprint was apparent, and the focus in the E39-1565 and E39-1608 area shifted to assessing the area as a carbonatite REE exploration target.

The new survey area exceeds 30 sq. km. in area and a combination of field work and previous geophysical inversions indicate the vast majority of this new survey area is near surface and deeply weathered. The alteration footprint has yet to be fully defined and the surveyed area will be expanded to the north and west in the coming field season.

The Red Dragon carbonatite is hosted by a domain boundary shear on the eastern margin of the East Laverton Property, which is locally termed the Eastern Fault. This appears to be a similar tectonic setting to that of the Mt Weld carbonatite which is also located on the eastern margin of the Laverton mineral field (Burtville Fault). Considering the age dates for the Mt Weld Carbonatite and the proximity of the two areas, a Paleoproterozoic age for this apparent carbonatite-REE mineralisation is likely.

The strong iron + manganese + rare-earth alteration footprint (alkali metasomatism) in the new survey area is analogous to that found at the Bearlodge REE deposit in Wyoming, one of the largest REE deposits in the United States of America. Bearlodge is a large carbonatite complex rather than a single stock-like feature.

A high priority REE target was identified within this new survey area. A strongly coincident area of anomalous heavy, medium and light REE's forms an ovoid area measuring 2 km x 1.5 km. The area is strongly vegetated compared to surrounding area, which is consistent with elevated levels of trace elements. Infill sampling (50 - 100 m grid) of this area will be undertaken early in the 2012-2013 reporting period.

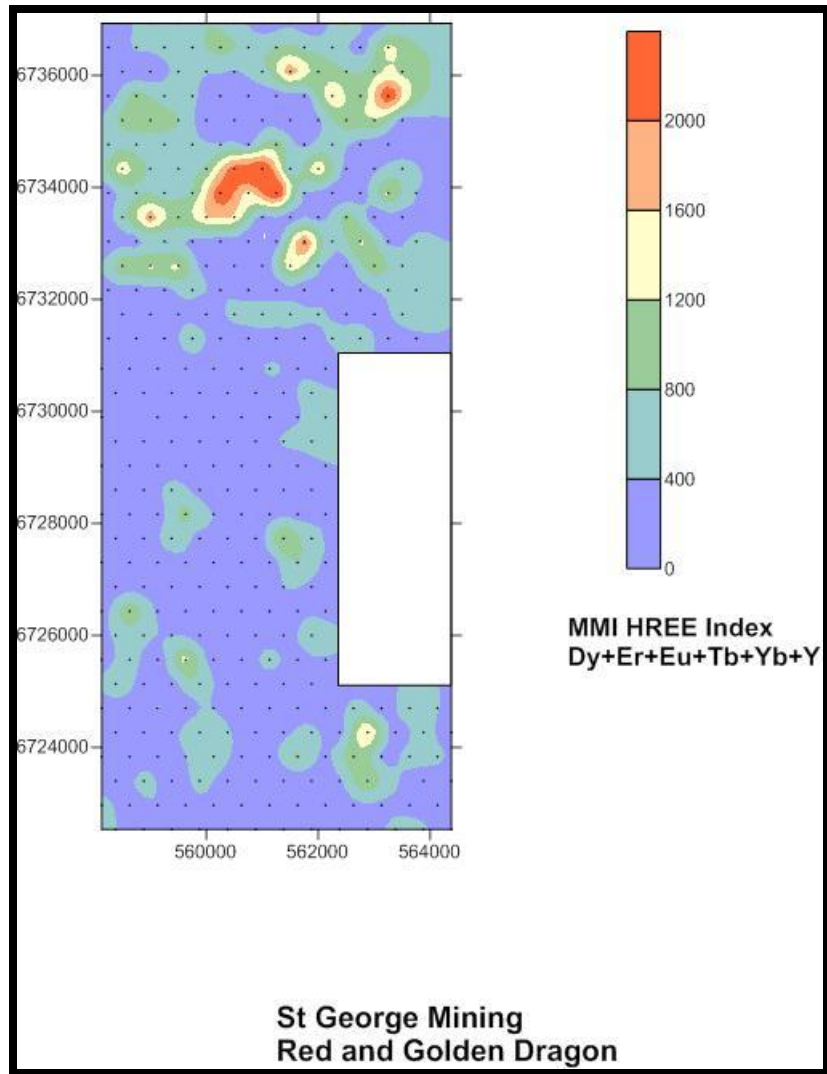


Figure 6 - Heavy REE geochemical index over 500 m survey grid at Red Dragon REE prospect (E39-1565 and E39-1608)

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APPENDIX A – PROJECT DRAGON ACTIVITY REPORT

APPENDIX B – PROJECT DRAGON DRILL DATA

APPENDIX C – DRILLING GOLD ASSAYS

APPENDIX D – MMI GEOCHEMICAL ASSAYS
