

31 October 2013

**QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2013**

HIGHLIGHTS

- **St George takes control of 100% of nickel rights at East Laverton**
- **Integrated nickel exploration database generates new priority nickel targets**
- **Reconnaissance RC drilling at Cambridge provides exploration breakthrough**
- **Tenure at Stella Range Belt increased to over 60 strike-km of fertile ultramafic trend**

St George Mining Limited (ASX:SGQ) ("St George Mining") is pleased to present its Quarterly Activities Report for the period ended 30 September 2013.

EAST LAVERTON PROPERTY

St George Consolidates 100% Ownership of Nickel Rights

On 3 October 2013, St George Mining consolidated 100% ownership and control of the nickel rights for all tenements at the East Laverton Property following termination of the Project Dragon farm-in arrangement.

The highly prospective nickel targets generated by Project Dragon are now owned and controlled wholly by St George Mining, giving our shareholders 100% of the value of future discoveries.

The tenement consolidation has created important synergies and cost efficiencies for ongoing exploration which will maximise the potential for exploration success.

Integrated Database Heightens Potential for a Nickel Discovery

St George has established a new combined database that integrates the extensive technical information gathered by the former Project Dragon farm-in arrangement with St George's existing exploration data. This has created a formidable dataset that has provided St George with additional insights into the nickel prospectivity at the East Laverton Property and has provided a strong platform for a major discovery of economic nickel sulphide mineralisation.

Our ongoing review of the integrated database has confirmed a number of important findings that are material to the nickel prospectivity at the East Laverton Property:

1. **Very MgO-rich Ultramafic Rocks:** The drilling at the East Laverton Property has confirmed extensive strike lengths of thick (up to 700 - 800m) high-MgO olivine-rich rocks across three major ultramafic belts.

These rocks contain an estimated volatile-free MgO content up to 54%, indicating they are likely to have been formed from a magnesium-rich parental magma with a probable content of around 30% MgO. Ultramafic rocks of this composition are known to host high grade nickel sulphides.

The very olivine-rich rocks form in specialised magmatic environments, where regional to semi-regional scale lava pathways control the flow of turbulent olivine-rich magma, maintaining very hot crystallisation conditions over a considerable time span. This is an essential feature for the formation of the unique, thick high MgO ultramafic sequences at East Laverton.

The localisation of these thick sequences of rare ultramafic rocks is explained by the optimal tectonic setting of the East Laverton Property. The setting is proximal to the paleo-cratonic margin now represented by the boundary between the older Burtville and the younger Yarmana Terranes. At the time in history when the komatiite magmatism occurred and nickel sulphides formed, this marginal setting represented a thin portion of the lithosphere that was conducive to the rapid emplacement of high volumes of komatiitic magma, which has been localised at East Laverton.

2. **Compositionally Similar to Agnew-Wiluna Belt:** The ultramafic rocks at East Laverton are derived from a similar magnesium-rich parental magma, and are compositionally similar to, the ultramafic rocks of the Agnew-Wiluna Belt.

The Agnew-Wiluna Belt is the most significant nickel belt in Western Australia and hosts a number of world class nickel sulphide deposits. The demonstrated presence of these ultramafic rocks outside of the highly productive Agnew-Wiluna and Forrestania nickel belts provides strong support for the district-scale potential for nickel sulphide mineralisation at East Laverton.

3. **Sulphidic Sediments in Footwall of Komatiite Sequences:** A local source of sulphur is an important criterion for nickel exploration. The footwall rocks to the komatiite sequences at the East Laverton Property include very sulphur-rich exhalative sedimentary rocks that are generally felsic in composition. These rocks are of a kind that would be easily incorporated into immediately overlying komatiite lava with the addition of sulphur acting as a trigger for the formation of magmatic sulphides.

The felsic sediments contain elevated zinc, which indicates a dynamic exhalative environment associated with volcanic vents, rather than being black shales which form through passive chemical precipitation. This setting is consistent with the rift-type setting that hosts nickel sulphides in the Agnew-Wiluna Belt.

The identification of a direct relationship between these sulphur-rich felsic basement rocks and the overlying high MgO komatiite lavas is an important exploration milestone in proving the wider potential for significant nickel sulphide mineralisation at East Laverton.

4. **Magmatic nickel sulphides are present over a very significant strike length:** Multiple occurrences of magmatic nickel and PGE (platinum group elements) sulphides have been identified in association with the highly specialised ultramafic rocks at East Laverton. Disseminated nickel sulphides were encountered in drill holes DRAC35 (18m @ 0.4% Ni including 4m @ 0.57% Ni and 2m @ 0.51% Ni) and DRAC38 (6m @ 0.48% Ni including 2m @ 0.62% Ni).

A further and highly significant nickel intersection of 2m @ 1.08% Ni was made 5 kilometres to the north of DRAC35 in drill hole DDNRC002. This is the highest nickel intersection made on the property to date. This tectonic slice of highly silicified and mineralised ultramafic contained nickel sulphides in the form of stringer vein, which accounts for the higher grade compared to the disseminated mineralisation. Favourable PGE litho-geochemical ratios at the base of the hole support the presence a local parent for this separated, mineralised ultramafic block.

The presence of nickel sulphide mineralisation has been identified over a 12 km strike length on the Stella Range ultramafic belt, between DRAC38 and DDNRC002, indicating the potential for multiple systems within this strike length of the Stella Range belt.

Litho-geochemical analysis of drilling has confirmed the presence of magmatic nickel sulphides in an additional seven drill holes, including a line of holes (DRAC32, 33 and 34) drilled in the northern portion of the Cambridge dunite body, and in DRAC27, 28 and 29 in the Central Ultramafic Belt.

The strike length between DRAC32 in the northern portion of the Cambridge dunite body and DRAC35 to the south of the Stella Range Belt is over 20km strike kilometres.

The presence of multiple occurrences of magmatic nickel and PGE sulphides over a very significant strike extent of the Stella Range Ultramafic Belt strongly supports the potential for large scale nickel sulphide mineralisation within this and adjacent ultramafic belts.

5. **Pentlandite Identified in Sulphides:** Petrographic examinations of the disseminated nickel sulphides in DRAC35 and 38 have confirmed the presence of magmatic nickel sulphides. Further, this microscopic examination of the sulphide mineralogy has identified the nickel sulphides as pentlandite as well as sulphide assemblages consisting of pyrrhotite, pentlandite and chalcopyrite. See Figure 1 and 2.

The results of the petrographic examination support the potential for economic nickel sulphide mineralisation at the East Laverton Property.

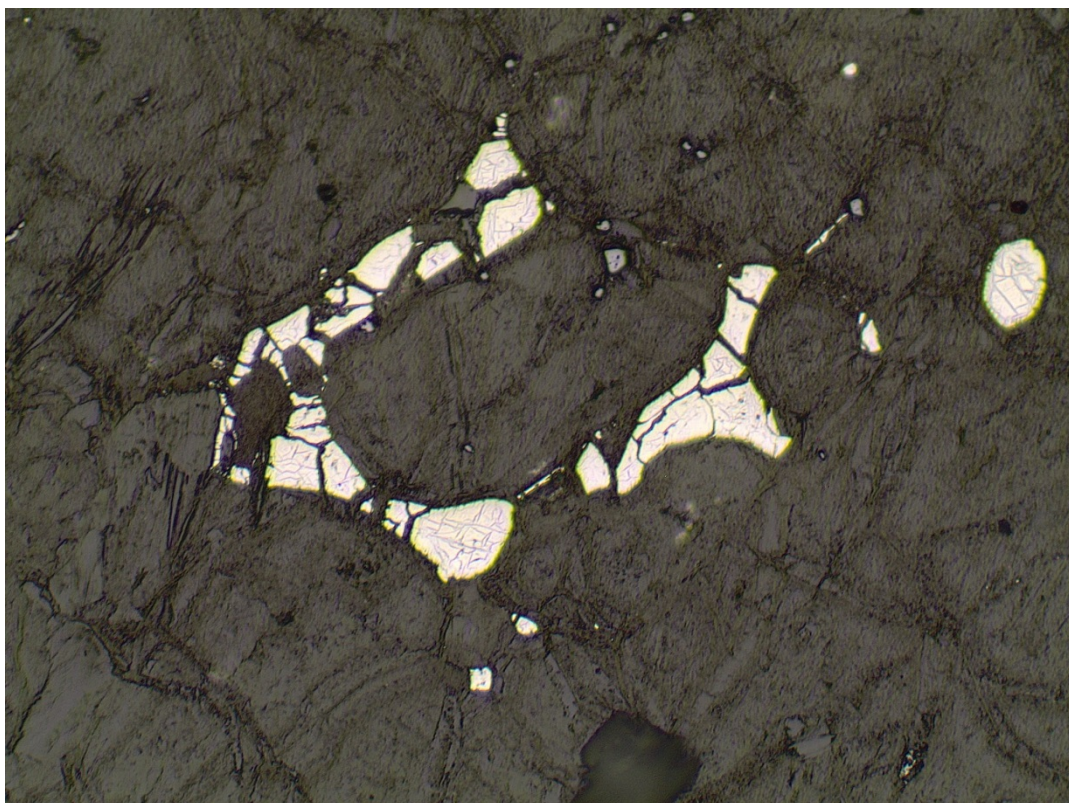


Figure 1- Polished section of DRAC38/132-134 m showing a classic magmatic texture with the sulphide aggregate being moulded around olivine pseudomorph. All sulphide in this section is pentlandite.

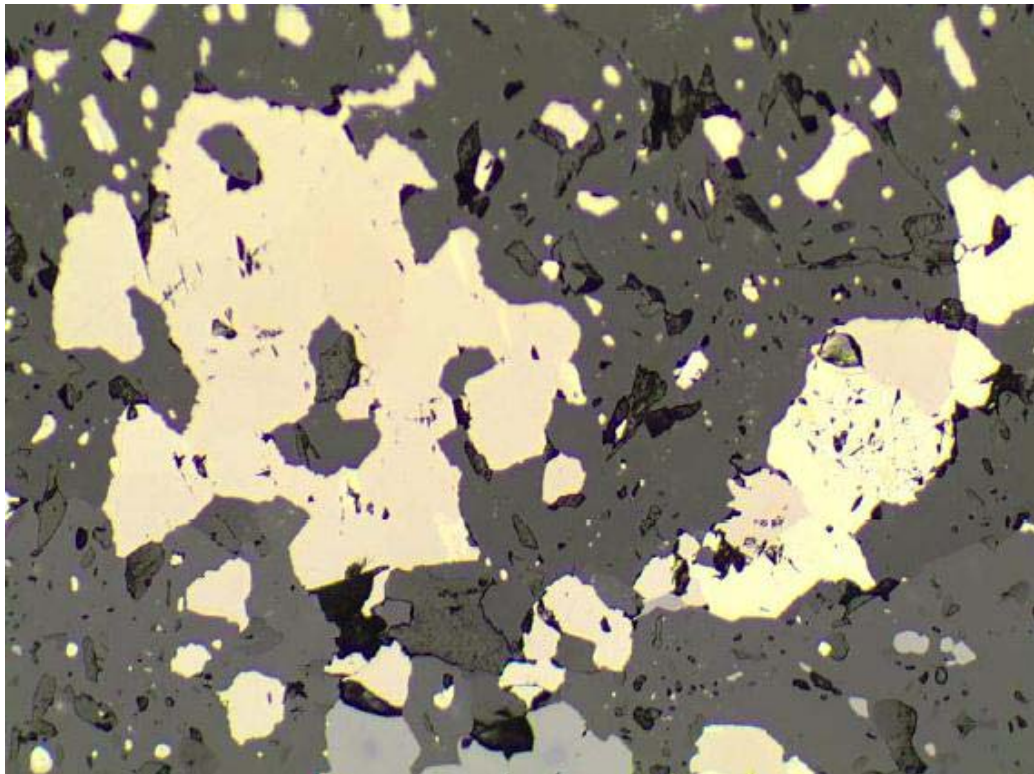


Figure 2 – Polished section of DRAC35 (112-114m, 0.51%Ni) showing sulphides consisting of pentlandite (pale yellow) and pyrrhotite (pinkish-yellow).

New Priority Nickel Targets

Our review of the integrated database has facilitated a detailed assessment of all nickel targets across the entire East Laverton Property and culminated in the selection of six priority prospects for immediate follow-up exploration. These are illustrated in Figure 3.

These nickel targets are no longer hindered by previous tenement boundaries that existed during the term of the Project Dragon farm-in arrangement. The best example of this is the Desert Dragon-Windsor target zone which lies within four different tenements, two of which were previously within Project Dragon.

This is a highly prospective zone that includes the three drill holes that intersected nickel sulphides - DRAC35 and 38 and DDNRC002.

The priority nickel targets are spread across three ultramafic belts at the East Laverton Property, which again highlights the district-scale nickel potential of the Property.

Powerful electro-magnetic (EM) surveys are now underway at the Cambridge, Desert Dragon North and Desert Dragon-Windsor prospects. Figure 4 illustrates the EM survey designed for Cambridge.

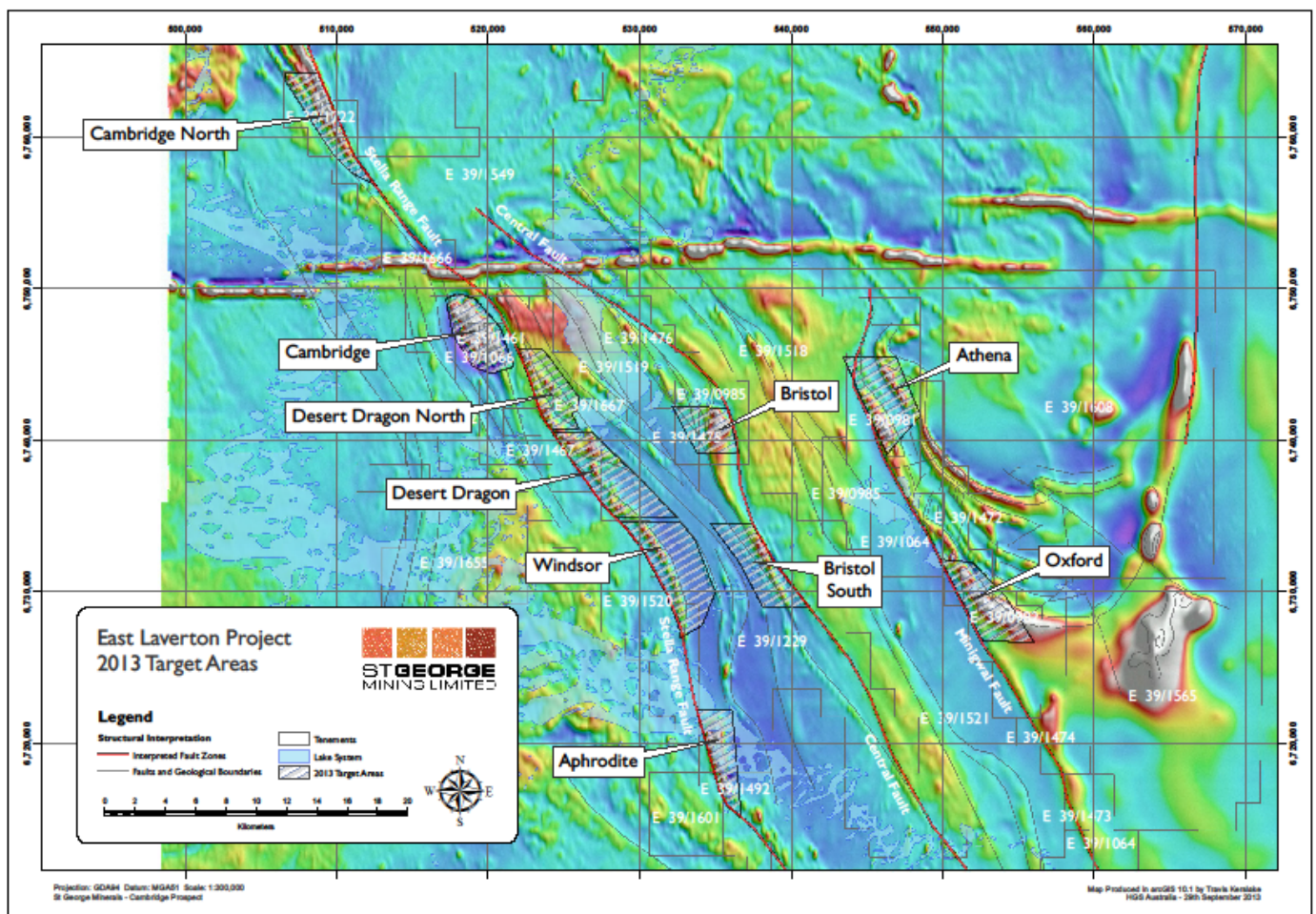


Figure 3 – The priority nickel targets are shown over aeromagnetics (TMI) at the East Laverton Property. These priority nickel targets are all 100% owned by St George and located on contiguous tenements, enabling efficient exploration by St George Mining.

Cambridge Exploration Breakthrough

Exploration drilling along the Stella Range Belt in 2012 identified disseminated nickel sulphides, confirming for the first time the fertility of the high MgO komatiite sequences of the Stella Range ultramafic belt. Reconnaissance RC drilling of the Cambridge dunite body, which lies within the Stella Range Belt, was carried out as part of the first phase of the Company's 2013 drilling campaign.

Seven drill holes traversing the entire 2 km width of the dunite body were completed. Drill hole data has provided new information that suggests the Cambridge dunite body is a large extrusive ultramafic unit that has been simply folded. The assay results show that the magnesium content within certain ultramafic facies at Cambridge is very high and exceeds 35% MgO (hydrated value).

The exploration and analysis of the ultramafics at Cambridge demonstrates a geological consistency with the remainder of the Stella Range komatiites resulting in a conclusion that they are from a common source. The implication is that all ultramafic rocks along the Stella Range Belt, including the Cambridge dunite, are highly prospective for nickel sulphide mineralisation.

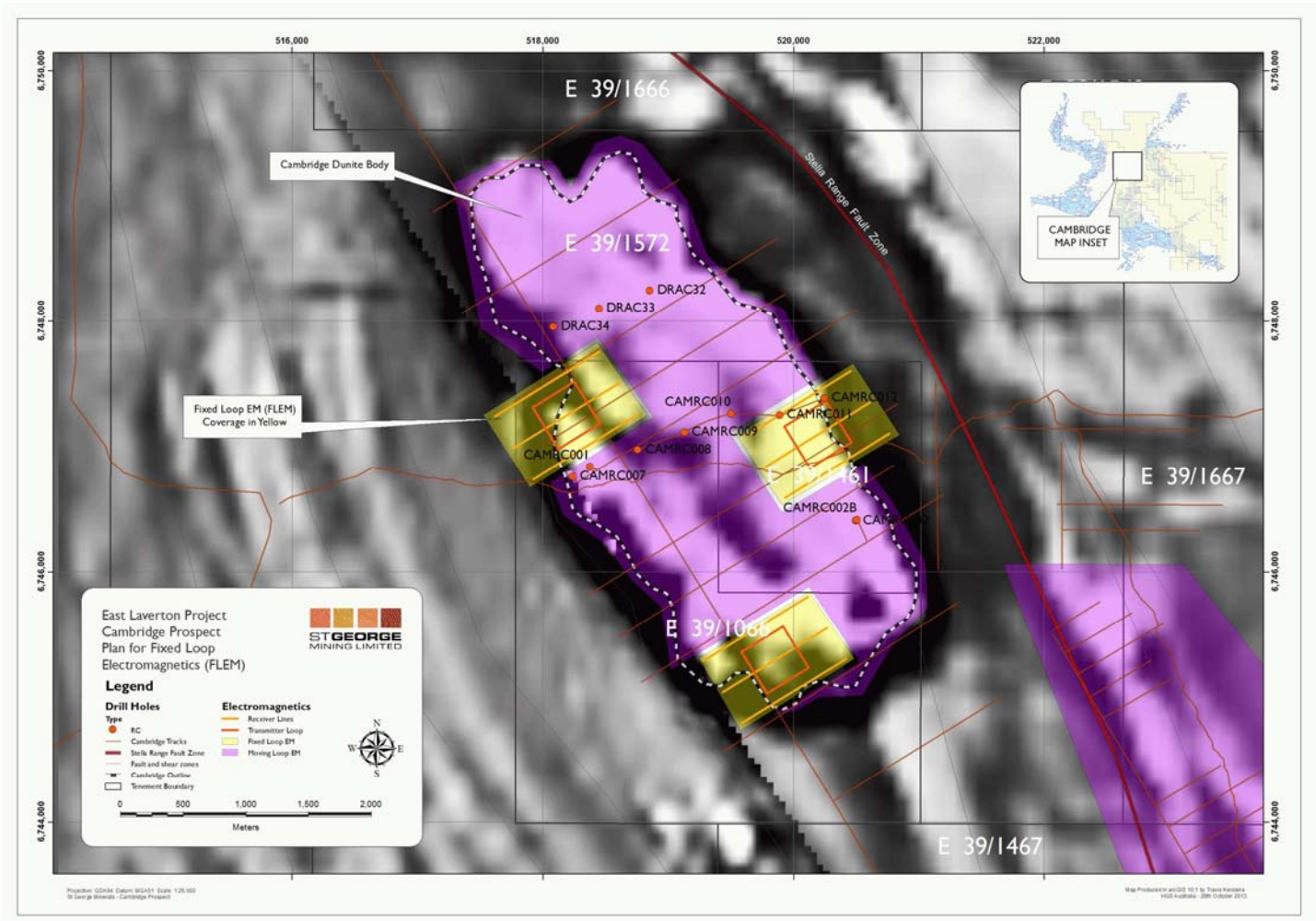


Figure 4 – The EM surveys designed for the Cambridge dunite body

East Laverton Tenements – Coverage Extended

St George Mining has 100% ownership of 27 granted Exploration Licences at the East Laverton Property.

Exploration Licence E39/1722 was granted during the quarter. E39/1722 is the Company’s most northern tenement on the Stella Range Ultramafic Belt.

This new exploration licence is contiguous with the northern boundary of the Company’s existing tenements and extends St George’s dominant and continuous coverage of the Stella Range Belt by a further 12 km to over 60 km in total.

LAKE MINIGWAL PROJECT

The Lake Minigwal Project is interpreted to cover a large area of concealed greenstone that is prospective for gold and nickel sulphides.

A soil geochemical survey is planned for Q4 2013 to further investigate the large gold anomaly previously identified through a regional geochemical program conducted by the West Australian Geological Survey of Western Australia (GSWA).

Lake Minigwal Tenements

St George Mining has 100% ownership of 2 granted Exploration Licences at the Lake Minigwal Project.

PINE CREEK PROPERTY

The Company is continuing to review exploration results at the Pine Creek Property. No field work was carried out during the quarter.

Pine Creek Tenements

There are 5 Exploration Licences comprising the Pine Creek Property in which St George Mining has an 80% interest. All tenements have been granted.

Exploration Licences EL28332 and EL28465 in the Northern Territory were surrendered during the quarter. No other tenements, in part or whole, were relinquished, surrendered or otherwise divested during the quarterly period ended 30 September 2013.

CORPORATE ACTIVITIES

During the quarter, the Company lodged its Income Tax Return for the financial year ended 30 June 2013. The return included research and development expenditure which has been assessed as eligible for a cash rebate under the Federal Government's R&D Tax Incentive Scheme.

A cash rebate of \$595,000 was received by the Company on 23 October 2013.

For further information, please contact:

John Prineas

Executive Chairman

St George Mining Limited

(+61) 411 421 253

John.prineas@stgm.com.au

COMPETENT PERSON STATEMENT:

The information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by Mr Timothy Hronsky. Mr Hronsky 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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

St George Mining Limited

ABN

21 139 308 973

Quarter ended ("current quarter")

30 September 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(94)	(94)
(b) development	-	-
(c) production	-	-
(d) administration	(111)	(111)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	6	6
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - GST	42	42
Other - Reimbursements	16	16
Net Operating Cash Flows	(141)	(141)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (brought forward)	(141)	(141)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
Net financing cash flows		-	-
Net increase (decrease) in cash held		(141)	(141)
1.20	Cash at beginning of quarter/year to date	877	877
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	736	736

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	132
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions	
		\$'000
	Directors fees and remuneration	105
	Accounting, bookkeeping, corporate secretarial and general administrative services	27

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	550
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	700

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	31	24
5.2 Deposits at call	705	253
5.3 Bank overdraft	-	-
5.4 Other – Term Deposit	-	600
Total: cash at end of quarter (item 1.22)	736	877

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter	
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	EL28332 EL28465	Exploration Licence Exploration Licence	100% 100%	- -
	6.2	Interests in mining tenements and petroleum tenements acquired or increased	E39/1722	Exploration Licence	- 100%

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities	100	-	-
7.2	Changes during quarter			
	(a) Increases through issues	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-
7.3	*Ordinary securities	71,981,000	71,981,000	-
7.4	Changes during quarter			
	(a) Increases through issues	-	-	-
	(b) Decreases through returns of capital, buy-backs	-	-	-
7.5	*Convertible debt securities (description)	-	-	-

+ See chapter 19 for defined terms.

7.6	Changes during quarter				
	(a) Increases through issues	-	-	-	-
	(b) Decreases through securities matured, converted	-	-	-	-
7.7	Options <i>(description and conversion factor)</i>	48,508,000	48,508,000	<i>Exercise price</i> 0.20	<i>Expiry date</i> 28 November 2014
		450,000	-	0.20	28 November 2013
		450,000	-	0.25	28 November 2014
		600,000	-	0.40	28 November 2015
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures <i>(totals only)</i>	-	-		
7.12	Unsecured notes <i>(totals only)</i>	-	-		

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: Sarah Shipway
Company secretary

Date: 31 October 2013

Print name: Sarah Shipway

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.