

30 April 2014

**QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 31 MARCH 2014**

HIGHLIGHTS

- **Major nickel exploration campaign continues**
- **Comprehensive moving loop electromagnetic (MLEM) survey over priority target areas**
- **High quality EM conductors identified by MLEM survey for drill testing**
- **2014 drill campaign scheduled to commence in mid-May 2014**
- **Technical team boosted by addition of nickel specialist from BHP Billiton Nickel West**

St George Mining Limited (ASX:SGQ) (“St George Mining”) is pleased to present its Quarterly Activities Report for the period ended 31 March 2014.

EAST LAVERTON PROPERTY

MLEM Survey Recommences

The MLEM survey over the high priority nickel target areas recommenced this quarter after a Christmas recess. Figure 1 illustrates the areas planned to be surveyed by the MLEM survey and highlights the areas covered so far.

The first phase of the MLEM survey focused on a key section of the Stella Range belt where nickel sulphide has already been identified by three RC drill holes - DRAC35, DRAC38 and DDNRC002 (see Table 1 for significant intersections).

These spaced intersections demonstrate the presence of several nickel-rich mineral systems within this portion of the Stella Range belt, which increases the potential for EM conductors located in this area to be massive nickel sulphide deposits.

Strong EM Conductors Identified

The MLEM survey has been successful in identifying several high quality EM conductors in this section of the belt. Figure 2 illustrates the EM conductors identified so far within this area.

The EM conductor at Desert Dragon North, labelled DDN1, is rated as a Category One target by Newexco – the Company’s geophysical consultants. This EM conductor is directly co-incident with a strong magnetic anomaly. It is also situated within a broad area of elevated Ni-Cu soil geochemical values and is proximal to drill hole DDNRC002 which intersected 2m @ 1.08% Ni with visible massive nickel sulphide veinlets. This interval is interpreted to be potentially part of a larger mineralised system.

Fixed loop electromagnetic (FLEM) surveys are being conducted over the priority conductors to provide higher resolution of the conductive body and enhance drill hole selection. Two lines of FLEM were conducted over DDN1 yielding two separately modelled sources - DDN1A and DDN1B. These two sources

are modelled as being from the same conductive body. Significantly, the location of the DDN1 conductor has been confirmed as being directly along strike from drill hole DDNRC002 in the north.

Once the FLEM surveys are conducted over the remaining EM conductors and modelling completed, final drill hole selection for each EM target will be determined.

Desert Dragon – Down-hole EM (DHEM) Survey at Diamond Drill Holes

A DHEM survey was carried out at each of the three diamond drill holes completed late last year at the Desert Dragon nickel prospect. The survey identified EM anomalies in two of the holes, DDD001 and DDD002, which warranted further assessment.

Interpretation and modelling of the EM anomalies has been completed by Newexco, the Company’s geophysical adviser, which has rated these conductors as Category One targets and recommended test drilling.

The source of the conductance of each EM conductor is a discrete short-strike EM response located within a large TMI magnetic anomaly. The significant nickel sulphide potential of the EM conductors is highlighted by their proximity to the nickel sulphide intersection in the nearby drill hole DRAC35 (18m @ 0.40% Ni from 100m).

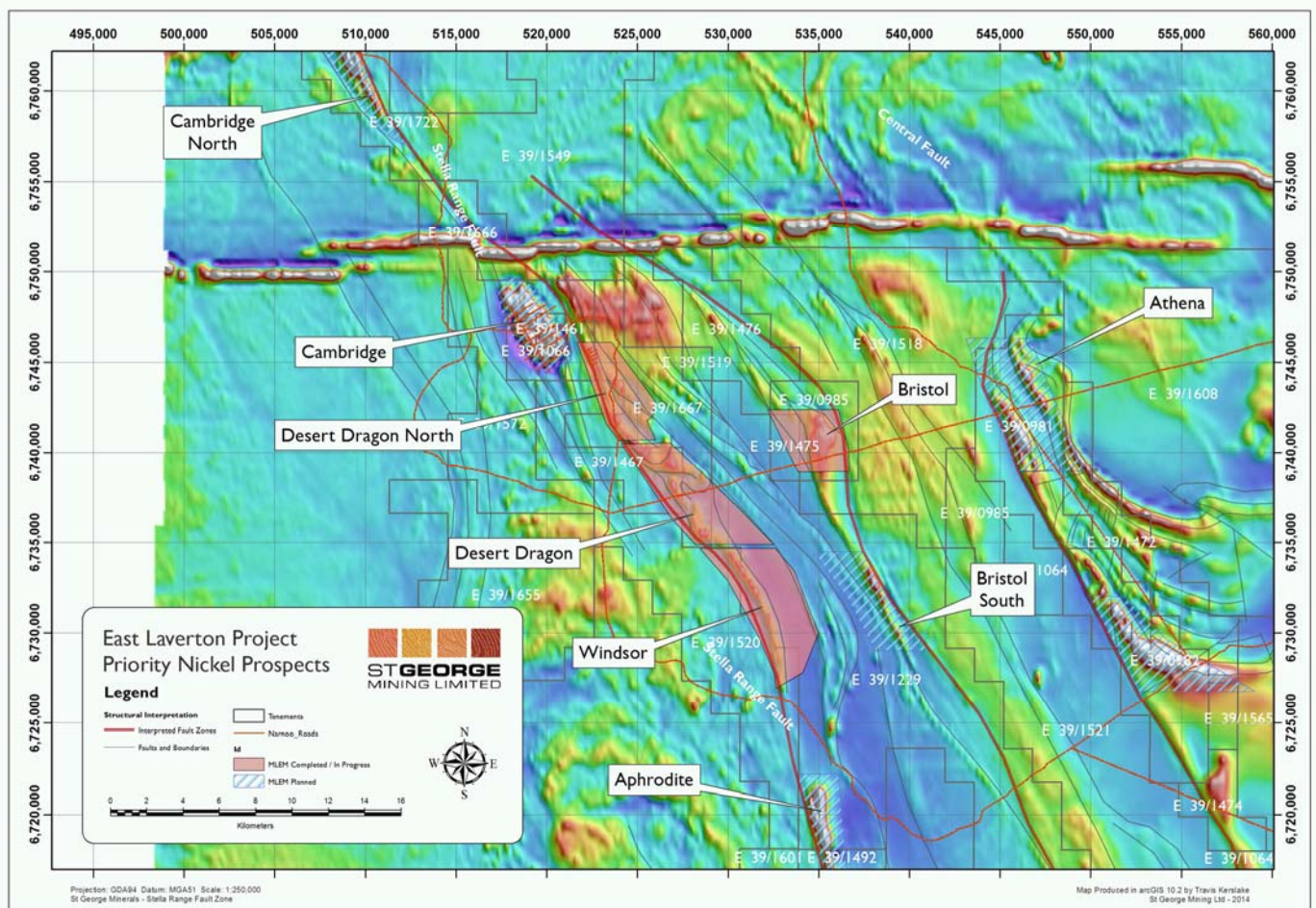


Figure 1 – the areas on the Stella Range Belt being covered by the MLEM survey. Cambridge, Desert Dragon North, Desert Dragon and Windsor have been completed. The target currently being surveyed is Bristol.

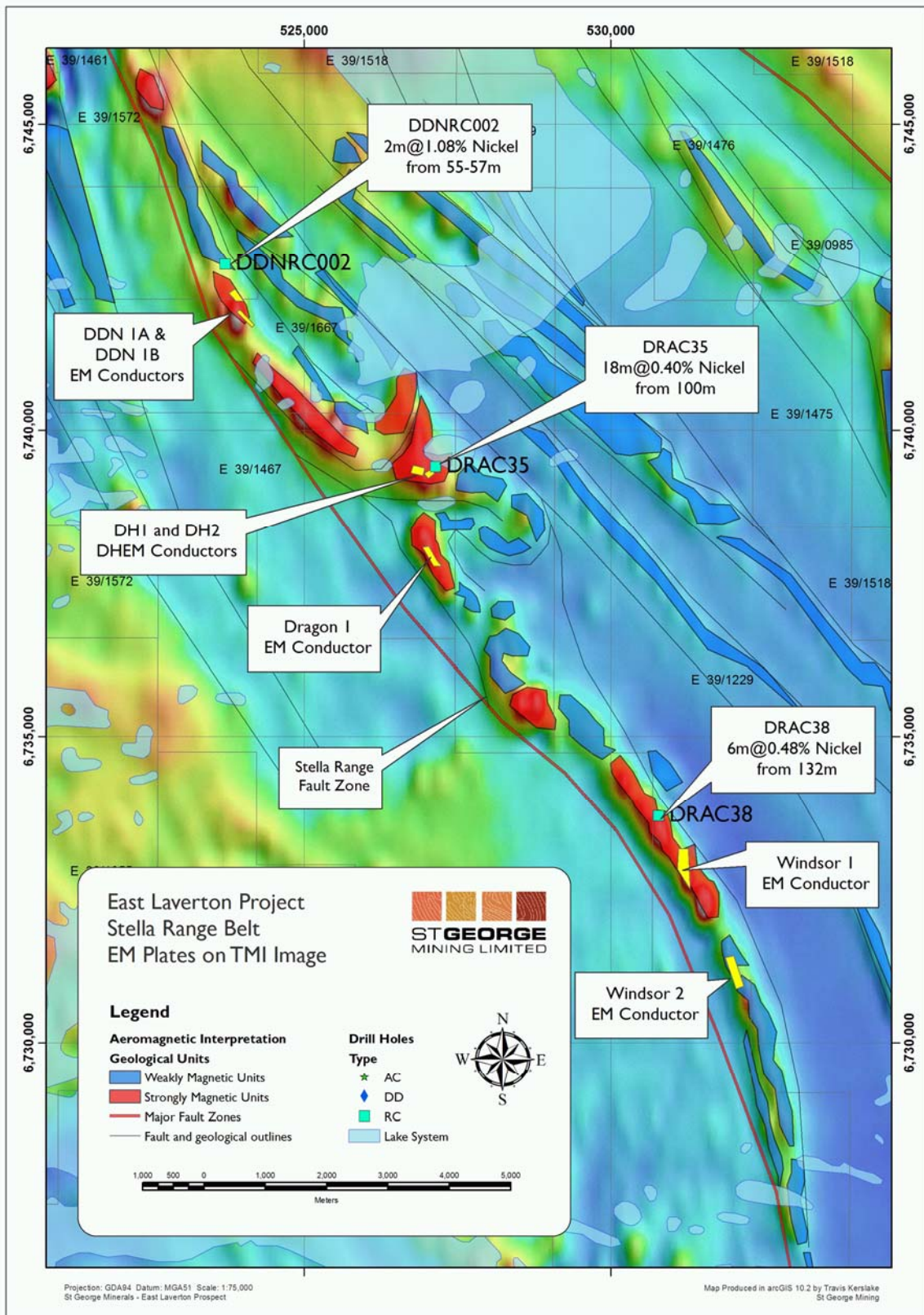


Figure 2 - TMI (Total Magnetic Intensity) RGB plan map with location of modelled EM conductors along a high priority section of the Stella Range belt that hosts the Desert Dragon North, Desert Dragon and Windsor nickel prospects. The DDN1 conductor is now modelled as two plates – DDN1A and DDN1B.

HOLE ID	NORTHIN G (m)	EASTIN G (m)	DIP (deg)	AZM (deg)	DEPT H (m)	FROM (m)	TO (m)	WIDTH (m)	Ni (%)	Cu (ppm)	Pt+Pd (ppb)
DRAC35	6739401	527150	-60	250	244	100	118	18	0.40	342	197
						100	104	4	0.57	366	294
						112	114	2	0.51	584	281
DRAC38	6733696	530786	-60	250	298	108	138	30	0.31	10	31
						132	138	6	0.48	40	48
						132	134	2	0.62	92	53
DDNRC002	6742718	523717	-60	59	246	53	60	7	0.54		
						53	55	2	1.08		

Table 1 – Significant intersections in DRAC35, DRAC38 and DDNRC002

High Impact Drill Campaign

Preparation for Phase 1 of the 2014 drilling programme is being finalised with drilling planned to commence in mid-May 2014. Dates will be confirmed closer to the start of drilling.

The drill campaign is the Company's first ever test drilling of EM conductors along the Stella Range belt.

A multi-purpose drill rig has been engaged for this drilling programme with planned holes including a combination of diamond core and reverse-circulation (RC) drilling.

ADDITION TO EXPLORATION TEAM

Mr Matthew McCarthy joined St George Mining as a consulting geologist in February 2014. Mr McCarthy is a senior geologist with a strong background in komatiite-hosted nickel exploration in Western Australia. He joins us from BHP Billiton Nickel West, where he was part of the team that made the recent discovery of the significant Venus nickel sulphide deposit at Leinster.

Mr McCarthy also managed the exploration programme under the previous farm-in arrangement between St George Mining and BHP Billiton Nickel West, which discovered nickel sulphides at East Laverton in 2012.

LAKE MINIGWAL PROJECT

The Lake Minigwal Project is prospective for gold and nickel sulphides, and is interpreted to be on the same north-east trend that hosts the Mulga Tank Nickel Project of Impact Minerals Ltd (ASX: IPT) to the south.

A soil geochemical survey has been designed for the project area, for completion in Q2/Q3 2014.

No field work was completed at the Lake Minigwal Project during the quarter.

PINE CREEK PROPERTY

No field work was carried out during the quarter.

JORC 2012:

The information is extracted from the reports entitled “Major Nickel Exploration Campaign Continues” created on 23 January 2014, “Exceptional EM Conductor” created on 24 February 2014, “Further Strong EM Conductors” created on 13 March 2014, “Significant EM Targets Added for Drill Campaign” created on 8 April 2014 and “St George Prepares for High Impact Drill Campaign” created on 23 April 2014 and are available to view on <http://stgeorgemining.com.au/>. The Company confirms that it is not aware of any new information or data that materially affects the information included in any original market announcements referred to in this report, and that all material assumptions and technical parameters underpinning the announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcements.

TENEMENT INFORMATION AS REQUIRED BY LISTING RULE 5.3.3

No tenements, in part or whole, were relinquished, surrendered or otherwise divested during the quarterly period ended 31 March 2014.

Tenement ID	Registered Holder	Location	Ownership (%)	Change in Quarter
E39/0981	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/0982	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/0985	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1064	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1066	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1229	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1461	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1472	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1473	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1474	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1475	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1476	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1467	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1492	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1518	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1519	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1520	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1521	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1549	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1565	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1572	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1601	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1608	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A

E39/1655	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1666	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1667	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1722	Desert Fox Resources Pty Ltd	East Laverton Property	100	N/A
E39/1677	St George Mining Limited	Lake Minigwal Project	100	N/A
E39/1678	St George Mining Limited	Lake Minigwal Project	100	N/A
EL 27732	Geotech International Pty Ltd & James Stewart	Pine Creek Property	80	N/A
EL 28016	Blue Thunder Resources Pty Ltd	Pine Creek Property	80	N/A
EL 28017	Blue Thunder Resources Pty Ltd	Pine Creek Property	80	N/A
EL 28232	Blue Thunder Resources Pty Ltd	Pine Creek Property	80	N/A
EL 28463	Blue Thunder Resources Pty Ltd	Pine Creek Property	80	N/A

N.B. Background on the Pine Creek Property

1. EL 27732 at the Pine Creek Property is currently registered in the names of Geotech International Pty Ltd and James Stewart (50% each). St George Mining Limited has an option to acquire an 80% interest in that tenement. That option has not been exercised.
2. All other tenements at the Pine Creek Property are registered solely in the name of Blue Thunder Resources Pty Ltd, a wholly owned subsidiary of St George Mining Limited. Geotech International Pty Ltd and James Stewart have a 20% beneficial interest in each of these tenements.

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")

31 Mar 2014

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(598)	(1,555)
(b) development	-	-
(c) production	-	-
(d) administration	(132)	(497)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	9	19
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - GST	-	28
Other – Reimbursements	-	286
Other – R&D Tax Incentive	-	596
	(721)	(1,123)
Net Operating Cash Flows		
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(21)	(21)
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)	-	-
	(21)	(21)
Net investing cash flows		

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(742)	(1,144)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	-	825
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 – Capital Raising Costs	(8)	(33)
	Net financing cash flows	(8)	792
Net increase (decrease) in cash held			
		(750)	(352)
1.20	Cash at beginning of quarter/year to date	1,275	877
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	525	525

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	128
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	23

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	250
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	400

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	9	16
5.2 Deposits at call	516	259
5.3 Bank overdraft	-	-
5.4 Other – Term Deposit	-	1,000
Total: cash at end of quarter (item 1.22)	525	1,275

+ 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	N/A	N/A	N/A
6.2	Interests in mining tenements and petroleum tenements acquired or increased	N/A	N/A	N/A

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	100	-	-	-
7.2				
7.3	79,481,000	79,481,000	-	-
7.4				
7.5	-	-	-	-

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

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
		750,000	-	0.25	28 November 2014
		1,000,000	-	0.40	28 November 2015
7.8	Issued during quarter	100,000	-	0.25	28 November 2014
		100,000	-	0.40	28 November 2015
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: 30 April 2014

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.