

17 October 2014

**QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 30 SEPTEMBER 2014**

HIGHLIGHTS

- **Phase 1 of the 2014 nickel sulphide drilling campaign completed**
- **Favourable komatiite ultramafic and sulphide zones encountered by drilling**
- **Moving loop electromagnetic (MLEM) survey continues at further high priority targets**
- **New VMS prospect identified by drilling**
- **Strong pipeline of nickel sulphide prospects established**
- **Phase 2 drilling programme commences in early October**
- **Successful capital raising significantly increases cash reserves**

St George Mining Limited (ASX:SGQ) (“St George Mining”) is pleased to present its Quarterly Activities Report for the quarterly period ended 30 September 2014.

EAST LAVERTON PROPERTY

2014 Nickel Sulphide Drilling Campaign

Phase 1 of the 2014 nickel sulphide drilling campaign at the 100% owned East Laverton Property was completed in July 2014. A total of 3,667 metres of drilling was completed, comprising 1,126 metres of RC (reverse circulation) drilling and 2,541 metres of diamond core drilling.

The Phase 1 drilling results confirmed the highly prospective geology of the East Laverton Property. Extensive sequences of high MgO komatiite ultramafics were encountered in association with thick sulphide zones. Further details of drill results are contained in the Company’s ASX Releases dated 3 September 2014 “*Nickel Sulphide Drilling – Update on Phase 1*” and 9 September 2014 “*St George Escalates Nickel Exploration*”.

The drill results have added substantially to the exploration database established by previous drilling completed by the Company and BHP Billiton Nickel West. This has allowed St George Mining to significantly progress exploration targeting for nickel sulphide mineralisation.

Figure 1 illustrates a selection of significant drill intersections at the East Laverton Property to date, which strongly support the potential for massive nickel sulphide mineralisation.

Follow-up exploration is planned for areas where nickel sulphides have already been identified, such as the areas around drill holes DRAC35 and DRAC38. New targets are also being generated by the ongoing MLEM survey across the three ultramafic belts at the East Laverton Property. EM targets at Desert Dragon South, Cambridge North, Athena and Bristol are currently being assessed.

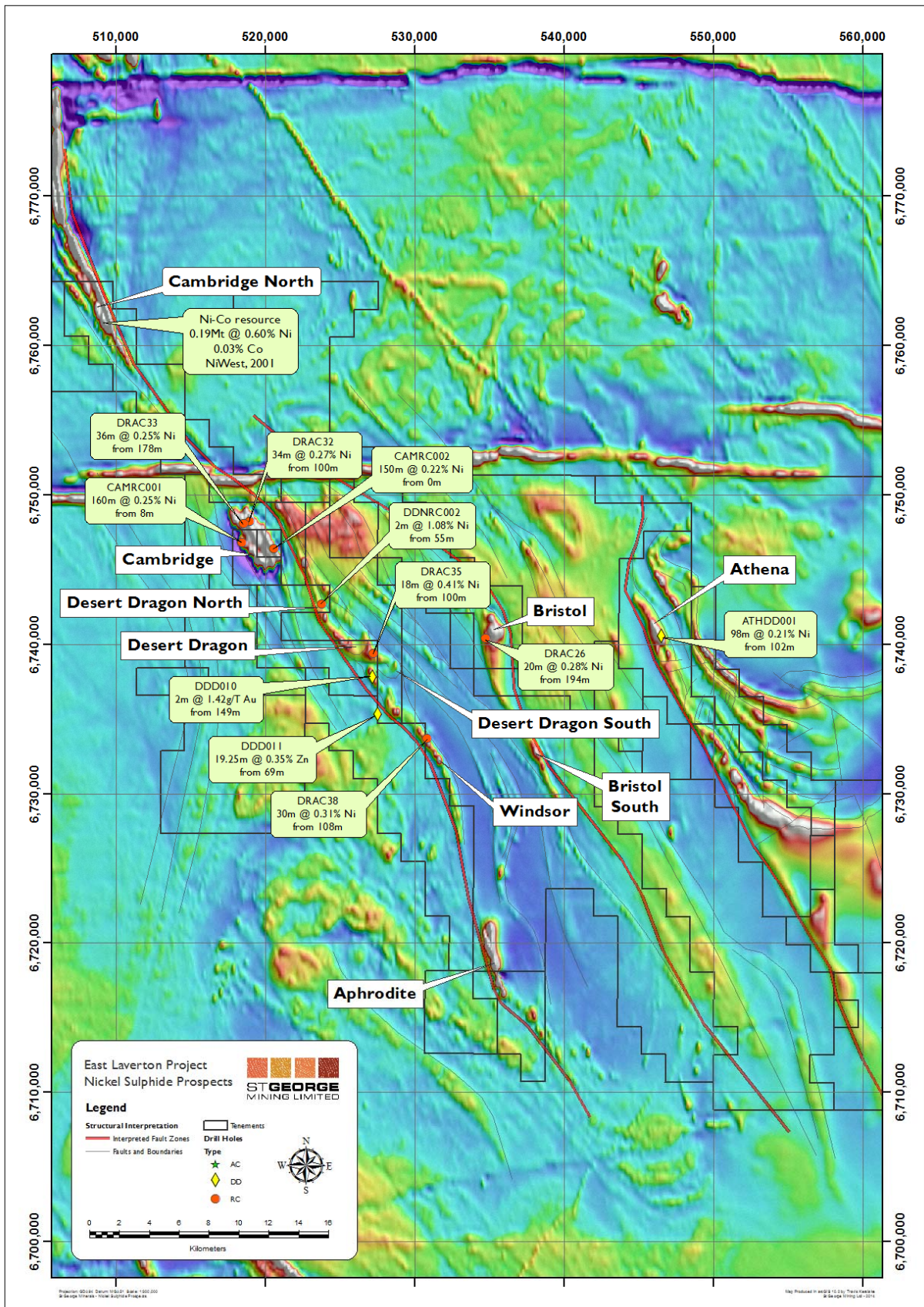


Figure 1 – key nickel sulphide prospects and significant drill intersections across the tenement package at the East Laverton Property illustrate the broad potential for large scale mineralisation

New VMS Prospect

A review of the geology and geochemistry of drill hole DDD011, completed in the Phase 1 drilling programme, suggests that the hole has potentially intersected a marginal section of a larger VMS (volcanic massive sulphide) system.

DDD011 tested the conductor Dragon 2 and encountered a thick interval of zinc and copper sulphide mineralisation; 19.25m @ 0.35% Zn and 0.10% Cu. The width of mineralised interval and the continuity of the grades make this a significant base metal sulphide intersection at East Laverton. Further details are contained in the Company's ASX Release dated 9 September 2014 "*St George Identifies Significant VMS Prospect*".

The modelled EM conductor Dragon 3 is adjacent to the banded Zn-Cu sulphide mineralisation intersected in DDD011, and remains untested. Dragon 3 could represent a more central part of the VMS system, where there is a greater likelihood of higher base metal grades.

Phase 2 Drilling Programme

Phase 2 of the 2014 drilling campaign commenced on 8 October 2014. This is a major drilling programme with over 4,000m of drilling planned.

Drilling will focus on several massive nickel sulphide prospects as well as the new VMS target, including conductor Dragon 3. Further details are contained in the Company's ASX Release dated 9 October 2014 "*St George Commences Major Drilling Programme*".

LAKE MINIGWAL PROJECT

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

In June 2014, a geochemical soil survey and a gravity survey were initiated at the project area. The soil survey is designed to test for a repetition of the high value gold anomalies identified by a previous regional GSWA (Geological Survey of Western Australia) soil survey.

The gravity survey is designed to test the density of the rocks at the project area and will help to map the concealed greenstones.

The soil and gravity surveys were completed during the quarter ended 30 September 2014. Results from the surveys are pending.

TENEMENT INFORMATION

There were no changes to the Company's tenement holdings during the quarter.

East Laverton Property

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

Lake Minigwal Project

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

CORPORATE ACTIVITIES

On 24 September 2014, the Company arranged a placement of ordinary shares to sophisticated investors. A total of 19,505,555 fully paid ordinary shares were subsequently issued at \$0.09 each to raise \$1,755,500. The Placement was completed by the Company in the first week of October 2014.

Earlier in the quarter, the Company held a General Meeting on 10 July 2014 to approve the placement of 3,050,001 shares at \$0.12 each to raise \$366,000.

Following completion of these placements, the Company has 111,831,806 ordinary shares on issue.

St George received a cash rebate of \$782,000 during the quarter under the Federal Government's R&D Tax Incentive Scheme, based on eligible research and development expenditure in the Company's Income Tax Return for the financial year ended 30 June 2014.

The total amount of new cash secured by St George during the quarter was \$2,903,500, providing the Company with significant funding to continue its active exploration activities well into the future.

For further information, please contact:

John Prineas

Executive Chairman

St George Mining Limited

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COMPETENT PERSON STATEMENT:

The information in this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Tim Hronsky, a Competent Person who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Tim Hronsky is employed by Essential Risk Solutions Ltd which has been retained by St George Mining Limited to provide technical advice on mineral projects.

This ASX announcement contains information extracted from the following reports which are available on the Company's website at www.stgm.com.au:

- 3 September 2014 Nickel Sulphide Drilling – Update on Phase 1
- 9 September 2014 St George Escalates Nickel Exploration
- 9 September 2014 St George Identifies Significant VMS Prospect
- 9 September 2014 St George Commences Major Drilling Program

The Company confirms that it is not aware of any new information or data that materially affects the exploration results included in any original market announcements referred to in this report and that no material change in the results has occurred. 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

Other than as detailed in the body of the Quarterly Activities Report and in the Table below, no tenements, in part or whole, were relinquished, surrendered or otherwise divested during the quarterly period ended 30 September 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
E39/1666	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
E39/1779	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

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 2014

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	(1,061)	(1,061)
(b) development	-	-
(c) production	-	-
(d) administration	(267)	(267)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – GST	10	10
Other – R&D Tax Incentive	782	782
Net Operating Cash Flows	(532)	(532)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(3)	(3)
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	(3)	(3)
1.13 Total operating and investing cash flows (carried forward)	(535)	(535)

+ 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)	(535)	(535)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	366	366
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	(10)	(10)
	Net financing cash flows	356	356
	Net increase (decrease) in cash held	(179)	(179)
1.20	Cash at beginning of quarter/year to date	1,261	1,261
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,082	1,082

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	143
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	38

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

+ See chapter 19 for defined terms.

- 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

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	600
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	750

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	61	524
5.2 Deposits at call	1,021	737
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,082	1,261

+ See chapter 19 for defined terms.

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			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

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				
	(a) Increases through issues	-	-	-
	(b) Decreases through returns of capital, buy-backs, redemptions	-	-	-
7.3	92,326,251	92,326,251	-	-
7.4				
	(a) Increases through issues	3,050,001	0.12	0.12
	(b) Decreases through returns of capital, buy-backs	-	-	-
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	48,500,000	Exercise price	Expiry date
		750,000	-	0.20	28 November 2014
		1,000,000	-	0.25	28 November 2014
		979,525	-	0.40	28 November 2015
		979,525	-	0.30	30 June 2016
7.8	Issued during quarter	979,525	-	-	-
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 /does not* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: Sarah Shipway
Company secretary

Date: 17 October 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.

+ See chapter 19 for defined terms.

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

An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this 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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