

**30 January 2015**

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

**HIGHLIGHTS:**

- **Phase 2 of the 2014 nickel sulphide drilling campaign completed with assays pending**
- **Thick units of mineralised ultramafics encountered by numerous drill holes**
- **Significant intervals of disseminated nickel sulphides intersected at Windsor nickel sulphide prospect**
- **Drilling increases the VMS prospectivity at East Laverton**
- **Moving loop electromagnetic (MLEM) survey identifies several new Category 1 EM anomalies**
- **Technical review of East Laverton initiated with global nickel sulphide specialist**

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

**EAST LAVERTON PROPERTY**

**2014 Nickel Sulphide Drilling Campaign**

Phase 2 of the 2014 nickel sulphide drilling campaign at the 100% owned East Laverton Property commenced on 9 October 2014. This RC (reverse circulation) drilling program has now finished with 21 holes completed for 4,890 metres drilled.

Final assays for the Phase 2 drilling program are expected shortly, and a report on assay results will be issued once the assays are reviewed by St George’s technical team.

Interim results, based on XRF analysis and geological logging, are highly encouraging with indications that numerous holes have intersected a thick sequence of mineralised ultramafic.

At the Windsor nickel sulphide prospect, drilling has intersected a large komatiite flow channel. Significant intervals of disseminated nickel sulphides were encountered by the new drill holes WINRC004, WINRC005 and WINRC007 (based on interim XRF results).

There was insufficient time to complete XRF analysis on the final holes completed at Windsor – WINRC008, WINRC009 and an extension of WINRC007 from 300m to 380m. Laboratory assays for these holes are expected by next week.

Drilling at Windsor has advanced this area to an important nickel sulphide prospect. Previously, there was only a single nickel sulphide intersection in the discovery hole DRAC038, which was drilled by BHP Billiton Nickel West in 2012.

DRAC38 encountered disseminated nickel sulphides - 6m @ 0.48%Ni from 132m, including 2m @ 0.62%Ni from 132m. A petrographic examination of the nickel interval confirmed the presence of pentlandite, which is a higher tenor nickel sulphide. This is a high priority prospect for massive nickel sulphide mineralisation.

The latest holes at Windsor, together with DRAC38, define an unconstrained zone of disseminated nickel sulphides at Windsor which is currently open laterally and at depth.

Current data suggests that this channel has a strike length exceeding 300m. The sectional analysis of the holes drilled to date indicates an extensive and complexly folded basal contact of the ultramafic rocks. As such, this large and highly prospective surface is largely untested at this stage and offers a substantial exploration opportunity for a significant discovery.

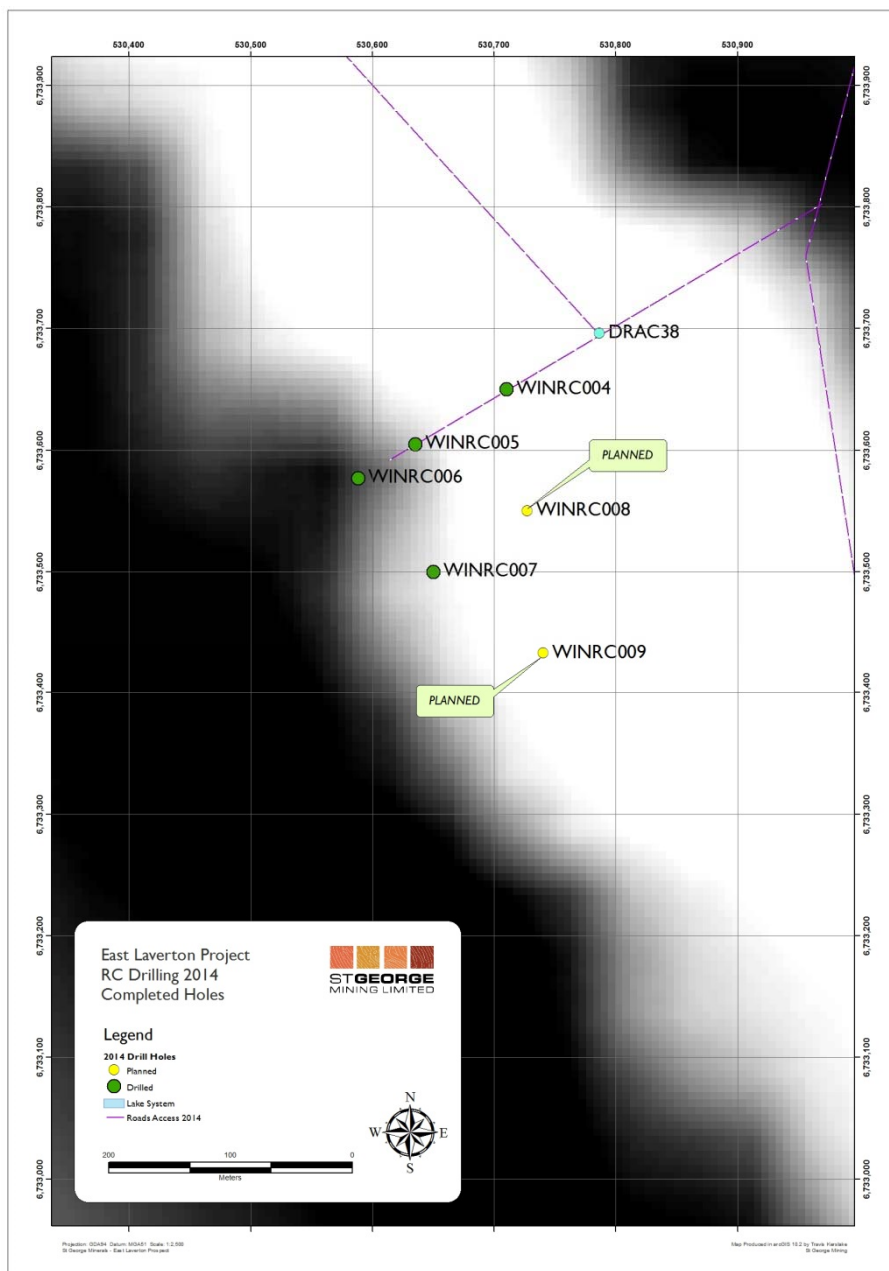


Figure 1 – Map showing the completed drill holes for the Windsor nickel sulphide prospect on a background of TMI 1st Vertical Derivative (1VD) aeromagnetics. Holes WINRC008 and 009 were completed in Dec 2014.

### **New Category 1 EM Conductors**

Several new high quality electromagnetic (EM) conductors have been identified at the Desert Dragon North and Aphrodite nickel sulphide prospects by the ongoing MLEM survey at the East Laverton Property.

The Desert Dragon North and Aphrodite nickel sulphide prospects are situated along the Stella Range ultramafic belt, which has already been proven to be fertile for nickel sulphides by exploration drilling completed in 2012 by St George and BHP Billiton Nickel West (under a concluded farm-in deal).

The MLEM survey is arranged by Newexco, the Company's geophysical advisers.

At Desert Dragon North, 13 EM anomalies consistent with bedrock anomalies were identified. Four of these have been classified by Newexco as Category 1 anomalies. At Aphrodite, 4 EM anomalies were identified with two of these being rated by Newexco as Category 1 anomalies.

Category 1 anomalies are well defined EM anomalies which demonstrate all the primary criteria for a massive sulphide body and warrant immediate consideration as drill targets.

These exciting new EM targets are being reviewed and prioritised by the St George technical team in the context of the available geochemical, geological and structural data ahead of drill testing.

In addition, data from the MLEM survey at several other nickel sulphide prospects is also being reviewed by St George and we anticipate a number of further high quality drill targets to be defined at these prospects once this data is assessed.

### **Extension of VMS System**

Drill hole DDD011, completed in Phase 1 of the 2014 drilling campaign, is interpreted to have potentially intersected a marginal phase of a larger VMS (volcanic massive sulphide) system within the Desert Dragon prospect.

Four RC drill holes were completed in October 2014 as part of the Phase 2 drilling program to follow-up the significant zinc (Zn) and copper (Cu) mineralisation intersected in DDD011.

Interim XRF results of the completed drill holes indicate that three of the four holes successfully encountered the anomalous base metal horizon at variable depths.

These interim results extend the size of the VMS mineral system at Desert Dragon and provide support for the potential of higher grade occurrences of VMS-style mineralisation on a broad scale at East Laverton.

### **Technical Review for Exploration Strategy**

A substantial amount of new geophysical, geological and drilling data was generated from the exploration activities at the East Laverton Property in 2014. A strategic technical review of the expanded exploration database has been initiated for the purpose of prioritising the large pipeline of exploration targets at the Project as well as to generate new targets.

The St George exploration team is completing this technical review in conjunction with Dr Jon Hronsky and Matthew McCarthy.

Dr Hronsky is a geologist with over 30 years of experience in mineral exploration, primarily focused on project generation and exploration strategy. His particular expertise is targeting for nickel sulphide deposits and this work has led to a number of discoveries including the West Musgrave nickel sulphide province in Western Australia.

Dr Hronsky is one of the principals at geological consultancy firm Western Mining Services (“WMS”). Prior to joining WMS, he was Manager-Strategy & Generative Services for BHP Billiton Mineral Exploration and before that the Global Geoscience Leader for WMC Resources Ltd. Dr Hronsky is currently Chairman of the Centre for Exploration Targeting in Western Australia and was the 2009 Society of Economic Geology Distinguished Lecturer.

Mr McCarthy is a geologist with a strong background in komatiite-hosted nickel exploration in Western Australia. He was previously a Senior Geologist with 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. He 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.

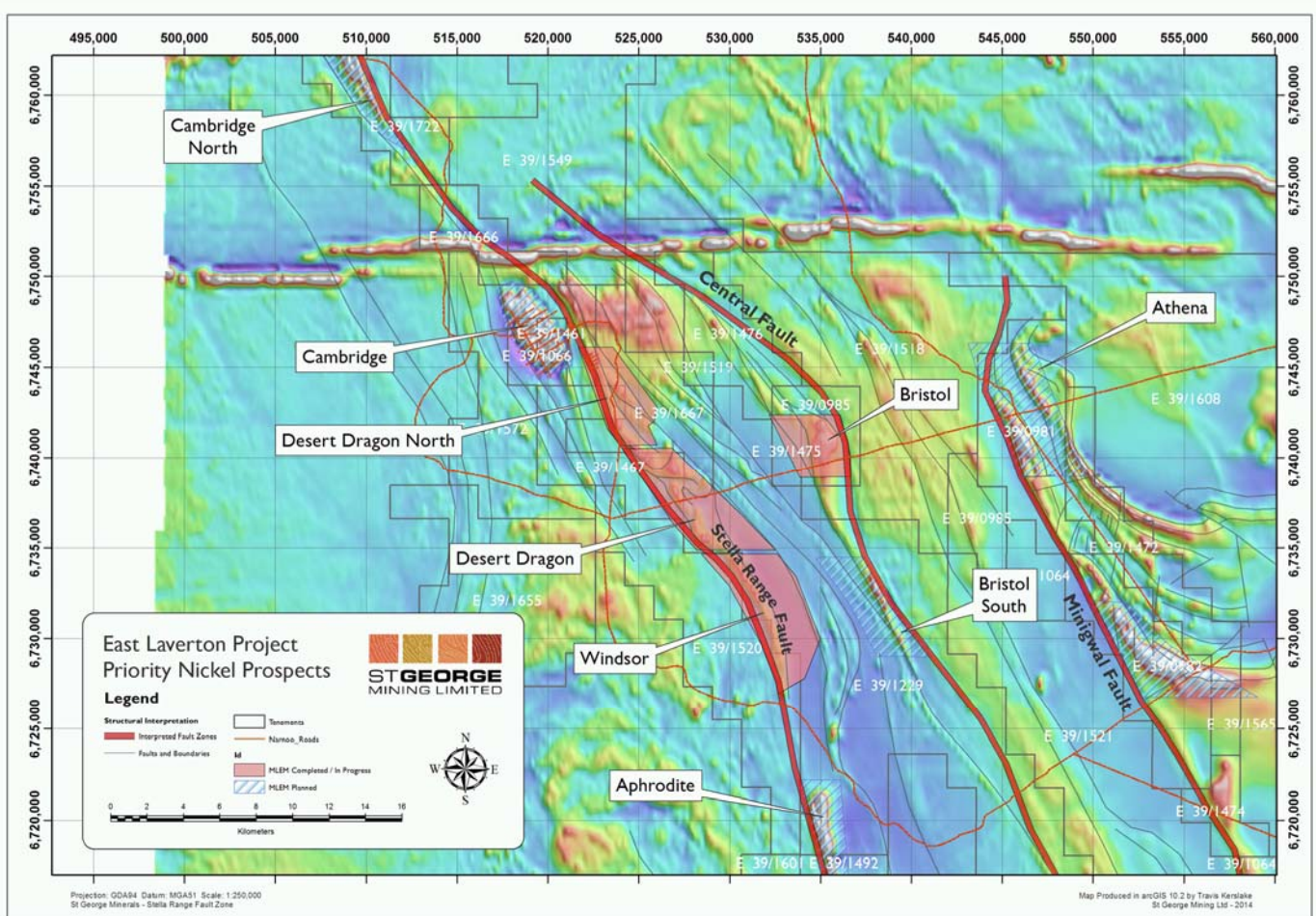


Figure 2 – this map highlights some of the high priority nickel prospects at the East Laverton Property. The Technical Review now underway will prioritise ongoing exploration at these and other nickel sulphide targets at the Project.

### XRF ANALYSIS

References to XRF results relate to analysis using a hand-held Olympus Innov-X Spectrum Analyser. This portable device provides immediate analysis of modal mineralogy of drill samples.

The XRF data is useful in assisting in the interpretation of the geological character of the rocks being encountered during drilling, and is used to assist in the ongoing management of the drilling programme. The data may not be representative of the actual metal content in that sample.

The device is unable to reliably detect precious metals in samples but is considered to be more reliable for base metal assessment. The results from the device are inherently less representative and less accurate than laboratory assay results.

RC drilling collects a large volume of drill cuttings per metre interval which is captured in individual plastic bags. A sample of the fine fraction of the drill cuttings is selected every metre for XRF analysis.

Results from XRF analysis of the fine fraction of the drill returns as stated are indicative only, and as preliminary results are subject to subsequent confirmation by geochemical analysis at Intertek Laboratories.

#### **LAKE MINIGWAL PROJECT**

The Lake Minigwal Project is located to the south-east of the East Laverton Property, and is situated on adjacent to a major regional structure. A review of the geochemical, geological, gravity and magnetic data indicates a large area of concealed greenstone that is prospective for gold and nickel sulphide mineralisation.

Most recently, St George completed a geochemical soil survey and a gravity survey over key parts of the project area in Q3 2014.

Results from the surveys are pending.

#### **TENEMENT INFORMATION**

There were no changes to the Company's tenement holdings during the quarter, other than the application for Exploration Licence E39/1852.

##### **East Laverton Property**

St George Mining has 100% ownership of 27 granted Exploration Licences and one application for an Exploration Licence 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. These funds were received by the Company in the first week of October 2014.

Following completion of this placement, the Company has 111,831,806 ordinary shares on issue.



**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](http://www.stgm.com.au):

- 21 October 2014 *Drilling Extends VMS System*
- 25 November 2014 *Drilling Encounters More Nickel Sulphides*
- 24 December 2014 *St George Continues Nickel Sulphide Drilling*
- 28 January 2015 *2015 Nickel Exploration Program Starts Strongly*

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 31 December 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                               |
| ELA39/1852  | Desert Fox Resources Pty Ltd | East Laverton Property | 0             | Application lodged on 24 Dec 2014 |
| 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")

31 December 2014

#### Consolidated statement of cash flows

| Cash flows related to operating activities                      | Current quarter<br>\$A'000 | Year to date<br>(6 months)<br>\$A'000 |
|---|----------------------------|---------------------------------------|
| 1.1 Receipts from product sales and related debtors             | -                          | -                                     |
| 1.2 Payments for (a) exploration & evaluation                   | (1,038)                    | (2,099)                               |
| (b) development   | -                          | -                                     |
| (c) production  | -                          | -                                     |
| (d) administration  | (228)                      | (495)                                 |
| 1.3 Dividends received  | -                          | -                                     |
| 1.4 Interest and other items of a similar nature received       | 5                          | 9                                     |
| 1.5 Interest and other costs of finance paid                    | -                          | -                                     |
| 1.6 Income taxes paid   | -                          | -                                     |
| 1.7 Other – GST   | (18)                       | (8)                                   |
| Other – R&D Tax Incentive                                       | -                          | 782                                   |
| <b>Net Operating Cash Flows</b>                                 | <b>(1,279)</b>             | <b>(1,811)</b>                        |
| <b>Cash flows related to investing activities</b>               |                            |                                       |
| 1.8 Payment for purchases of: (a) prospects                     | -                          | -                                     |
| (b) equity investments  | -                          | -                                     |
| (c) other fixed assets  | (3)                        | (6)                                   |
| 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)                        | -                          | -                                     |
| <b>Net investing cash flows</b>                                 | <b>(3)</b>                 | <b>(6)</b>                            |
| 1.13 Total operating and investing cash flows (carried forward) | <b>(1,282)</b>             | <b>(1,817)</b>                        |

+ 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) | (1,282)      | (1,817)      |
|      | <b>Cash flows related to financing activities</b>          |              |              |
| 1.14 | Proceeds from issues of shares, options, etc.              | 1,755        | 2,121        |
| 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                              | (117)        | (127)        |
|      | <b>Net financing cash flows</b>                            | <b>1,638</b> | <b>1,994</b> |
|      | <b>Net increase (decrease) in cash held</b>                | <b>356</b>   | <b>177</b>   |
| 1.20 | Cash at beginning of quarter/year to date                  | 1,082        | 1,261        |
| 1.21 | Exchange rate adjustments to item 1.20                     | -            | -            |
| 1.22 | <b>Cash at end of quarter</b>                              | <b>1,438</b> | <b>1,438</b> |

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

|      |  | Current quarter<br>\$A'000 |
|------|--|----------------------------|
| 1.23 | Aggregate amount of payments to the parties included in item 1.2 | 129                        |
| 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 | 24     |

**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<br>\$A'000 | Amount used<br>\$A'000 |
|---------------------------------|-----------------------------|------------------------|
| 3.1 Loan facilities             | -                           | -                      |
| 3.2 Credit standby arrangements | -                           | -                      |

### Estimated cash outflows for next quarter

|                                | \$A'000    |
|--------------------------------|------------|
| 4.1 Exploration and evaluation | 400        |
| 4.2 Development                | -          |
| 4.3 Production                 | -          |
| 4.4 Administration             | 150        |
| <b>Total</b>                   | <b>550</b> |

### 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<br>\$A'000 | Previous quarter<br>\$A'000 |
|--|----------------------------|-----------------------------|
| 5.1 Cash on hand and at bank                     | 432                        | 61                          |
| 5.2 Deposits at call                             | 1,006                      | 1,021                       |
| 5.3 Bank overdraft                               | -                          | -                           |
| 5.4 Other (provide details)                      | -                          | -                           |
| <b>Total: cash at end of quarter (item 1.22)</b> | <b>1,438</b>               | <b>1,082</b>                |

+ 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 | 111,831,806  | 111,831,806   | -   | -  |
| 7.4 |              |               |   |  |
|     | 19,505,555   | 19,505,555    | \$0.09  | \$0.09   |
|     | -            | -             | -   | -  |
| 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  | <b>Options</b><br><i>(description and conversion factor)</i> | 1,000,000<br>979,525  | -<br>-          | <i>Exercise price</i><br>\$0.40<br>\$0.30 | <i>Expiry date</i><br>28 November 2015<br>30 June 2016 |
| 7.8  | Issued during quarter  | -                     | -               | -   | -  |
| 7.9  | Exercised during quarter                                     |                       |                 |   |  |
| 7.10 | Expired during quarter                                       | 48,508,000<br>750,000 | 48,508,000<br>- | \$0.20<br>\$0.25                          | 28 November 2014<br>28 November 2014                   |
| 7.11 | <b>Debentures</b><br><i>(totals only)</i>                    | -                     | -               |   |  |
| 7.12 | <b>Unsecured notes</b> <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: 30 January 2015

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.

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+ See chapter 19 for defined terms.

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

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- 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.