

31 July 2014

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

HIGHLIGHTS

- **2014 nickel sulphide drilling campaign commenced**
- **Favourable geological setting for massive nickel sulphides encountered by drilling**
- **Moving loop electromagnetic (MLEM) recommenced on further high priority targets**
- **New VMS prospect identified**
- **Assays of drill holes and results of down-hole electromagnetic (DHEM) surveys are pending**
- **Successful capital raising boosts 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 June 2014.

EAST LAVERTON PROPERTY

2014 Nickel Sulphide Drilling Campaign Commenced

On 27 May 2014, St George commenced Phase 1 of its 2014 nickel sulphide drilling campaign at its 100% owned East Laverton Property in Western Australia. A total of 3,667 metres of drilling was completed, comprising 1,126 metres of RC (reverse circulation) drilling and 2,541.1 metres of diamond core drilling.

The drilling programme was focused on the testing of electromagnetic (EM) conductors identified on the Stella Range belt. Additional diamond drill holes were completed at the Bristol nickel prospect (on the Central belt) and at the Athena and Oxford nickel prospects (on the Minigwal belt). DHEM surveys were completed on several of the diamond holes which may identify further conductive sources for testing.

The modelling of the EM targets by Newexco, the Company's geophysical advisor, has been accurate with all drill holes which tested EM conductors successfully intersecting massive sulphide zones. This provides confidence in the electromagnetic targeting process employed in the search for massive nickel sulphides.

Results from the DHEM surveys, as well as assays from the drill holes, are expected during August 2014. Further details of the completed drill holes are contained in the Company's ASX Release dated 28 July 2014 "*Nickel Sulphide Drilling – Phase 1 Completed*".

Geological logging of the drill holes confirms that the majority have encountered sequences of komatiite ultramafics, with XRF analysis indicating that several holes contain elevated MgO in the range 30-45% MgO. Komatiite ultramafic units of this composition are very similar to those found in the Agnew-Wiluna belt, and indicate a highly prospective environment for massive nickel sulphide mineralisation.

The reason the Kalgoorlie Terrane, which hosts the Agnew-Wiluna belt, is so prospective for komatiite-hosted nickel sulphides is “the presence of exceptionally high fluxes of exceptionally hot komatiite magmas, forming long-lived high-level feeder conduits capable of assimilating crustal sulfur derived from spatially associated felsic volcanic centres” (refer Barnes, S.J., Fiorentini, M. L., Duuring, P., Grguric, B. A., and Perring, C. S., 2011. The Perseverance and Mount Keith Nickel Deposits of the Agnew Wiluna Belt, Yilgarn Craton, Western Australia. *Society of Economic Geologists, Reviews in Economic Geology*, v.17). It is rare to find these specialised rocks in the Yilgarn Craton outside of the Agnew-Wiluna belt and Forresteria.

The reconnaissance drilling by BHP Billiton in 2012 identified the presence of extensive, large thicknesses of high-MgO ultramafics at the East Laverton Property. The drilling in Phase 1 of the 2014 drilling campaign by St George has also successfully intersected these high-MgO ultramafic rocks.

The identification of these ‘hotter’ ultramafic rocks across a broad area at the East Laverton Property together with the presence of an abundant sulphur source and magmatic nickel sulphides is a very positive indicator for the nickel sulphide potential of the Project.

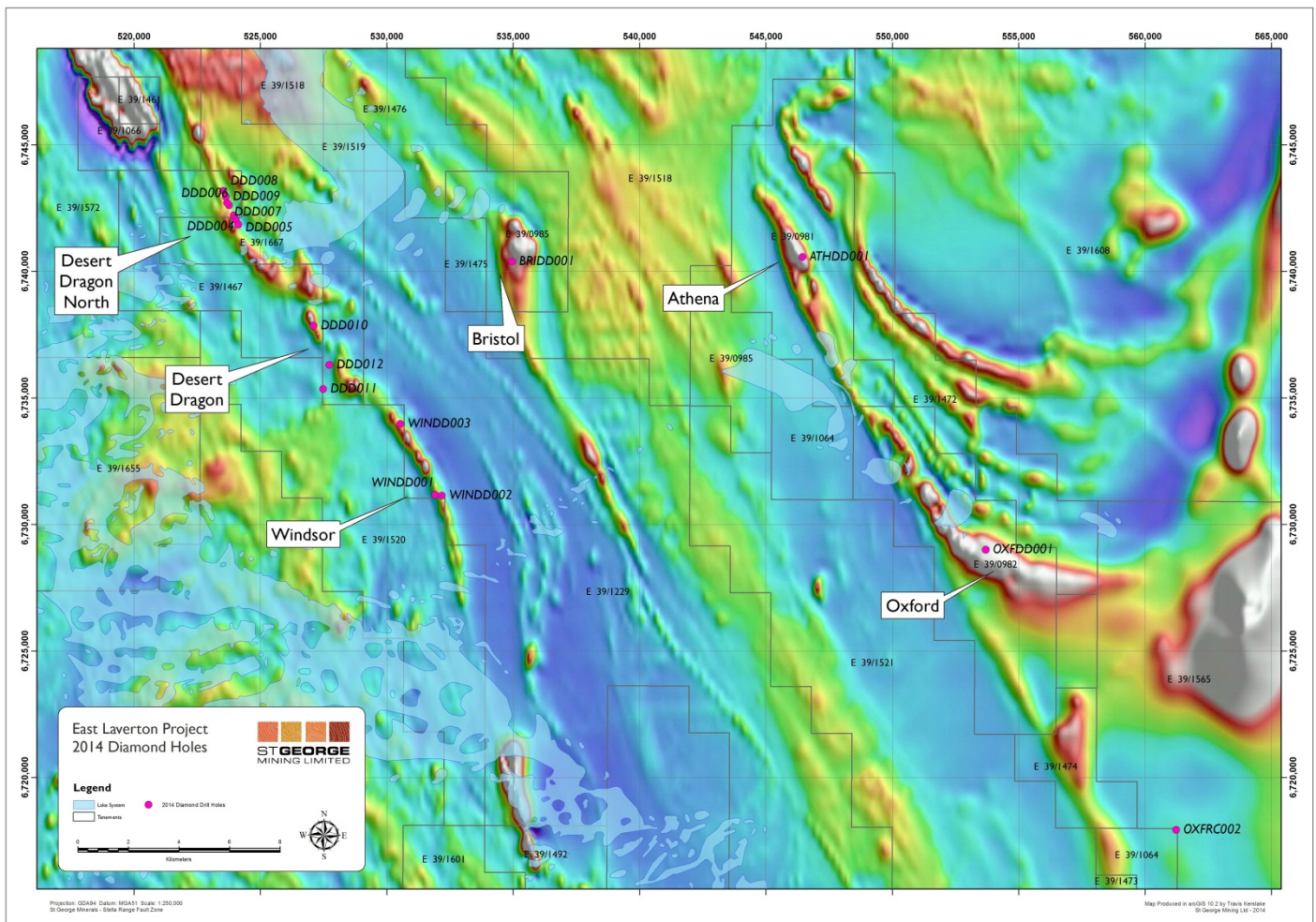


Figure 1 – a map of the tenement package at the East Laverton Property with diamond drill holes from Phase 1 of the 2014 nickel sulphide drilling campaign

VMS Prospect Identified

One of the diamond holes, DDD011, intersected sulphide mineralisation that may be associated with a VMS (volcanic massive sulphide) system. Preliminary XRF analysis of the core from DDD011 indicates an interval of highly anomalous zinc and copper sulphide mineralisation from 72m to 87m (down the hole). This zinc-rich mineralisation can represent the marginal facies of a VMS deposit.

Further assessment of this VMS prospect will be completed once assay results for DDD011 are received.

MLEM Survey Re-commences at High Priority Targets

The regional moving loop EM (MLEM) survey at the East Laverton Property has re-commenced, with the Athena nickel prospect and Cambridge North nickel prospect being the first high priority areas to be surveyed. Results are expected by late August 2014, and new high quality drill targets are expected to be generated.

LAKE MINIGWAL PROJECT

The Company’s Lake Minigwal tenements cover a strong cluster of anomalous gold responses identified by a regional geochemical survey conducted by the GSWA (Geological Survey of Western Australia).

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.

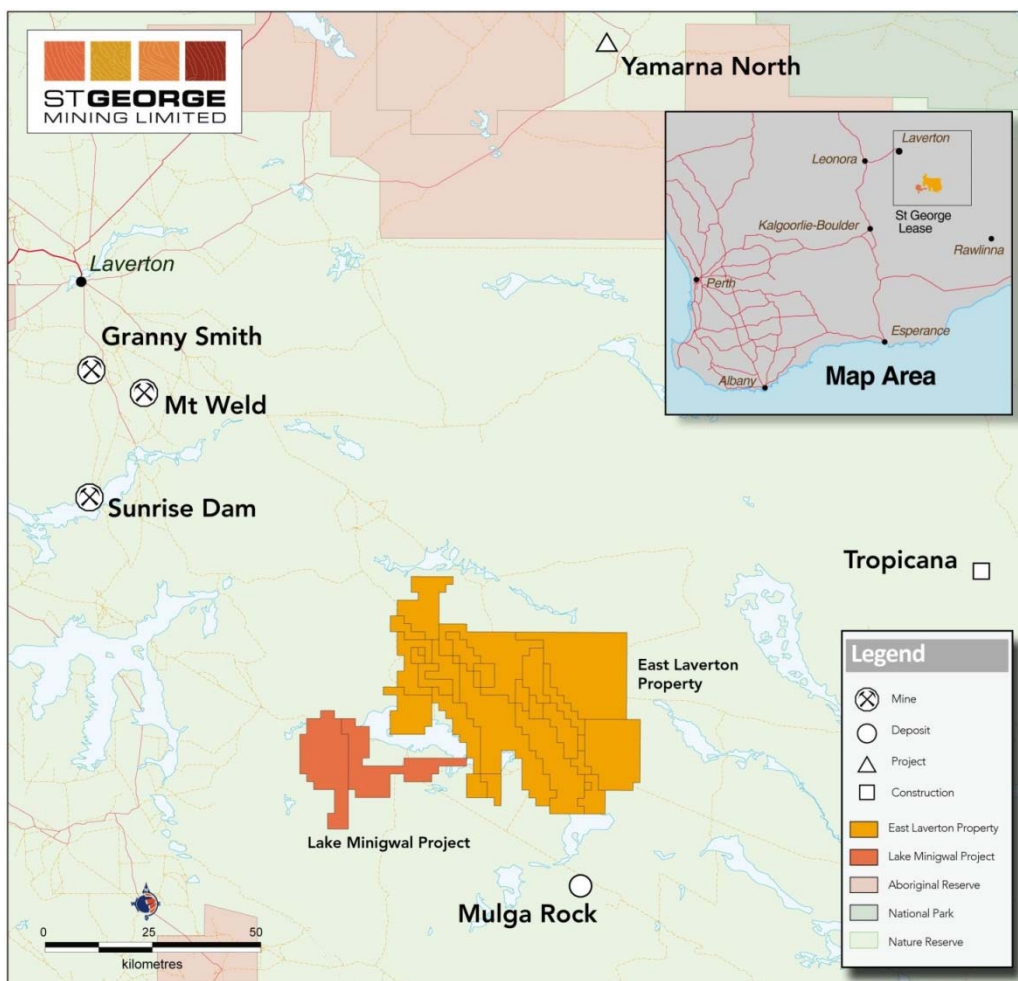


Figure 2 – the Lake Minigwal Project is located immediately to the SW of the East Laverton Property

During the quarter, a geochemical soil survey and a gravity survey were initiated at the project area. The existing GSWA soil survey is based on a 4 km grid. The new soil survey has a grid of 1 km x 500 m and is designed to test for a repetition of the high value gold anomalies identified by the GSWA survey.

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

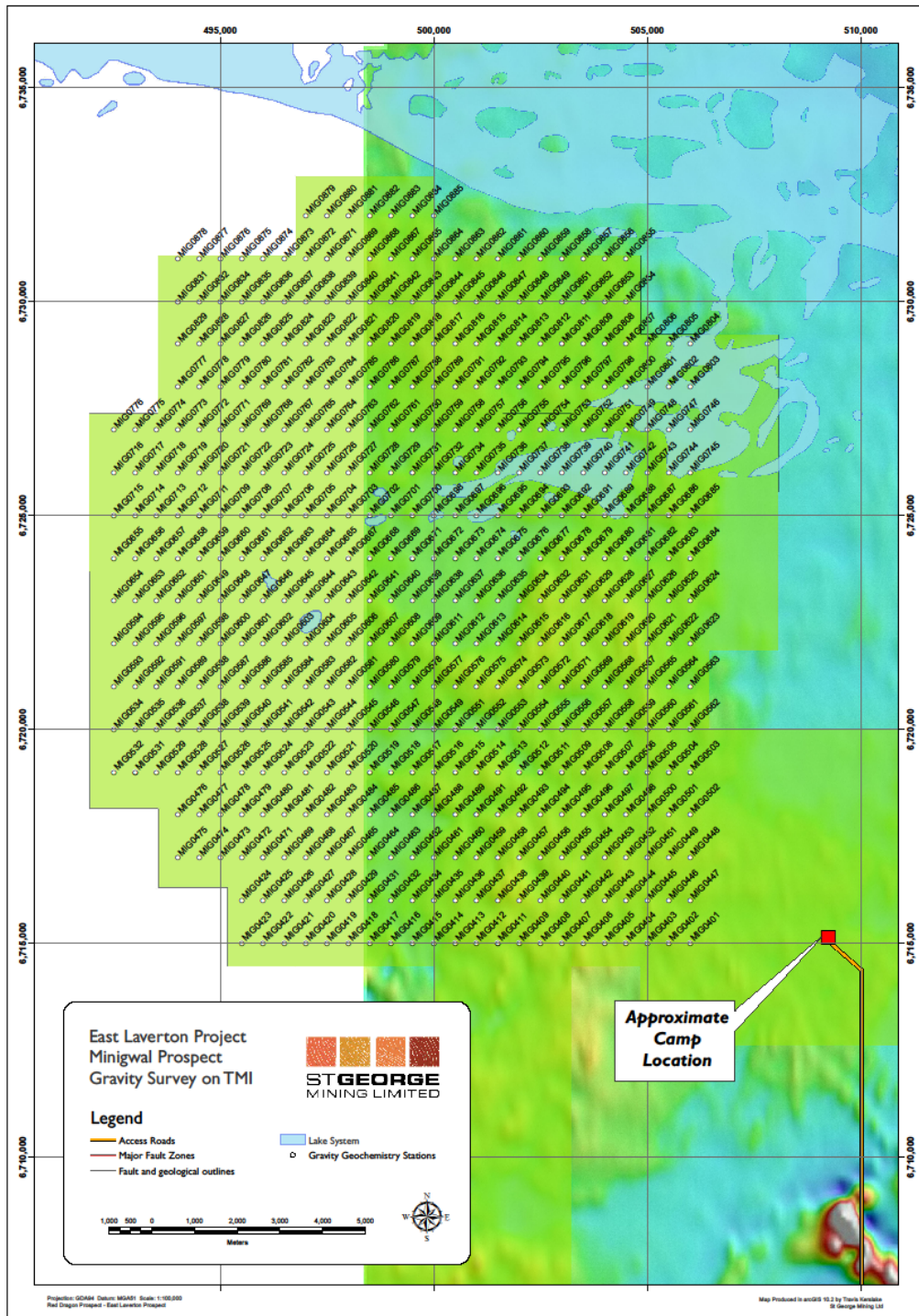


Figure 3 – a map of the gravity survey area within the Lake Minigwal prospect. A total of the 471 stations will be completed in the gravity survey.

PINE CREEK PROPERTY

The Company entered into a Deed of Surrender and Release on 30 June 2014 pursuant to which it ceased to have any interest in the Pine Creek Project. Under the Deed, the Company's option to acquire an 80% interest in EL27732 was terminated. The Company also agreed to relinquish its rights under the additional tenements comprised in the Pine Creek Property.

Although St George believes that the Pine Creek Property may be prospective for gold mineralisation, the project remains at a very early stage of exploration. The Company wishes to focus its available funding on the advanced exploration targets at the East Laverton Property, and the Lake Minigwal Project which has strong synergies with the East Laverton Property.

TENEMENT INFORMATION

The Company has made a number of adjustments to its tenement holdings with a view to managing its ongoing minimum expenditure covenants and focusing its exploration efforts on the most prospective areas within its projects.

East Laverton Property

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

A new exploration licence, E39/1779, was granted during the quarter. The Company consolidated its tenement holding through the following adjustments:

- a) E39/1655 – this tenement was surrendered in its entirety;
- b) E39/1520 – 8 sub-blocks of this tenement were surrendered;
- c) E39/1521 – 25 sub-blocks of this tenement were surrendered;
- d) E39/1549 – 18 sub-blocks of this tenement were surrendered; and
- e) E39/1565 – 26 sub-blocks of this tenement were surrendered.

Lake Minigwal Project

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

The Company consolidated its tenement holding through the surrender of 18 sub-blocks from E39/1677.

Pine Creek Property

The Company has divested its interest in all tenements at the Pine Creek Property as a result of the following:

- a) EL27732 – the Company's option to acquire an 80% interest in EL 27732 has been terminated;
- b) EL28016, EL28017, EL28463 and EL28232 – each of these tenements has been transferred to James Stewart, one of the Vendors under the option arrangement for EL27732; and
- c) EL28332 and EL28465 – these tenements were each surrendered in their entirety.

CORPORATE ACTIVITIES

On 22 May 2014, the Company completed a placement of ordinary shares to sophisticated investors. A total of 9,795,250 fully paid ordinary shares were issued at \$0.12 each to raise \$1,175,430.

At the same time, the Company received commitments for the placement of an additional 3,050,001 shares at \$0.12 each subject to shareholder approval to raise \$366,000. A General Meeting of the Company was held on 10 July 2014 which approved this additional placement.

Following completion of these placements, the Company has 92,326,251 ordinary shares on issue.

The Company is in the final stages of completing its Income Tax Return for the financial year ended 30 June 2014. The Return includes research and development expenditure which the Company believes will be eligible for a cash rebate under the Federal Government's R&D Tax Incentive Scheme.

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 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.

Mr Tim Hronsky has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Tim Hronsky consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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 June 2014.

Tenement ID	Registered Holder	Location	Interest Acquired during Quarter	Interest Disposed of During Quarter	Interest Held at the End of Quarter
E39/0981	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/0982	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/0985	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1064	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%

E39/1066	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1229	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1461	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1472	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1473	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1474	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1475	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1476	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1467	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1492	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1518	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1519	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1520	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1521	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1549	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1565	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1572	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1601	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1608	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1655	Desert Fox Resources Pty Ltd	East Laverton Property	0%	100%	0%
E39/1666	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1667	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1722	Desert Fox Resources Pty Ltd	East Laverton Property	0%	0%	100%
E39/1779	Desert Fox Resources Pty Ltd	East Laverton Property	100%	0%	100%
E39/1677	St George Mining Limited	Lake Minigwal Project	0%	0%	100%

E39/1678	St George Mining Limited	Lake Minigwal Project	0%	0%	100%
EL 27732	Geotech International Pty Ltd & James Stewart	Pine Creek Property	0%	80%	0%
EL 28016	Blue Thunder Resources Pty Ltd	Pine Creek Property	0%	80%	0%
EL 28017	Blue Thunder Resources Pty Ltd	Pine Creek Property	0%	80%	0%
EL 28232	Blue Thunder Resources Pty Ltd	Pine Creek Property	0%	80%	0%
EL 28463	Blue Thunder Resources Pty Ltd	Pine Creek Property	0%	80%	0%
EL 28332	Blue Thunder Resources Pty Ltd	Pine Creek Property	0%	80%	0%
EL 28465	Blue Thunder Resources Pty Ltd	Pine Creek Property	0%	80%	0%

N.B. Background on the Pine Creek Property

1. EL 27732 at the Pine Creek Property is registered in the names of Geotech International Pty Ltd and James Stewart (50% each). St George Mining Limited had an option to acquire an 80% interest in that tenement. That option was terminated on 30 June 2014.
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. The tenements were transferred on 30 June 2014 to James Stewart.

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 June 2014

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(138)	(1,693)
(b) development	-	-
(c) production	-	-
(d) administration	(150)	(647)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	5	24
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - GST	(51)	(23)
Other – Reimbursements	-	286
Other – R&D Tax Incentive	-	596
Net Operating Cash Flows	(334)	(1,457)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(5)	(26)
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	(5)	(26)

+ 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)	(339)	(1,483)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	1,175	2,000
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	(100)	(133)
	Net financing cash flows	1,075	1,867
	Net increase (decrease) in cash held	736	384
1.20	Cash at beginning of quarter/year to date	525	877
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,261	1,261

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	122
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	17

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	524	9
5.2 Deposits at call	737	516
5.3 Bank overdraft	-	-
5.4 Other – Term Deposit	-	
Total: cash at end of quarter (item 1.22)	1,261	525

+ 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	EL27732 - NT	Exploration Licence	80%	0%
	EL28016 - NT	Exploration Licence	80%	0%
	EL28017 - NT	Exploration Licence	80%	0%
	EL28463 - NT	Exploration Licence	80%	0%
	EL28232 - NT	Exploration Licence	80%	0%
	EL28332 - NT	Exploration Licence	80%	0%
	EL28465 - NT	Exploration Licence	80%	0%
	E39/1655 - WA	Exploration Licence	100%	0%
6.2 Interests in mining tenements and petroleum tenements acquired or increased	E39/1779 - WA	Exploration Licence	0%	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	89,276,250	89,276,250	-	-
7.4 Changes during quarter				
(a) Increases through issues	9,795,250	9,795,250	0.12	0.12
(b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 *Convertible debt securities (description)	-	-	-	-

+ 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 (description and conversion factor)	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	-	-	-	-
7.9	Exercised during quarter	-	-	-	-
7.10	Expired during quarter	-	-	-	-
7.11	Debentures (totals only)	-	-		
7.12	Unsecured notes (totals only)	-	-		

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 July 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.