

31 January 2013

**QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2012**

St George Mining Limited (ASX:SGQ) ("St George Mining"), a gold and nickel focused exploration company, presents its Quarterly Activities Report for the period ended 31 December 2012.

EAST LAVERTON NICKEL EXPLORATION (100% ST GEORGE)

Cambridge Nickel Prospect

During the quarter, the Company commenced a reconnaissance RC drilling programme at its Cambridge Nickel Prospect (100% St George). Drilling was proceeding ahead of schedule and budget until heavy rains and severe electrical storms began on the evening of 24 November 2012.

The drilling programme was subsequently suspended with only two of the planned holes partially completed. The Company is monitoring ground and weather conditions at site, and it is anticipated that conditions may allow drilling to re-commence in late Q1 2013.

The findings from the shortened 2012 RC reconnaissance drilling are believed to strongly support the potential for significant nickel sulphide mineralisation at Cambridge.

Cambridge has been subject to metamorphic and deformational processes, mechanisms that can create local remobilisation and increases in the concentration and tenor of nickel sulphides.

This highlights the opportunity for both massive and disseminated nickel sulphides to be present in favourable settings beyond the levels tested by the recent RC drilling programme.

CAMRC-001 was drilled to a depth of 168 m in the NW corner of the Cambridge ultramafic body to test its western contact with the host rocks.

CAMRC-002, drilled on the eastern margin of the ultramafic body, reached a depth of 150 m before drilling was suspended due to the hazardous conditions related to a major electrical storm and heavy rains.

The assay results for both holes detected extensive intervals of ultramafic with a high nickel content encountered throughout the holes along with correspondingly high levels of magnesium oxide (MgO).

See Table 1 for details of significant intersections.

The nickel values from the fresh ultramafic rocks in CAMRC-001 and CAMRC-002 average above 2,000 ppmNi and are approaching the nickel values (2,800+ ppmNi) that are representative of an olivine mesocumulate and adcumulate ultramafic, the high-MgO rocks that host nickel sulphides.

Hole ID	Northing	Easting	Dip (deg)	Azimuth (deg)	Total Depth (m)	Cut off (Ni %)	From (m)	To (m)	Width (m)	Ni (%)	Cr (ppm)	MgO (%)
CAMRC 001	6 746 830	518 380	-60	235	168	>0.15	8	168	160	0.25	3115	29.0
including						>0.80	12	14	2	0.84	5620	21.5
						>0.50	9	18	9	0.61	5616	15.7
						>0.20	8	69	61	0.35	3925	22.1
						>0.20	94	110	16	0.21	2546	33.2
CAMRC 002	6 746 405	520 500	-60	55	150	>0.15	0	150	150	0.22	2464	33.8
including						>0.50	5	6	1	0.55	5320	8.8
						>0.40	5	11	6	0.49	5628	11.3
						>0.20	1	19	18	0.33	3679	17.0
						>0.20	45	108	63	0.22	2283	39.3

Table 1 – Details of significant intersections in CAMRC-001 and CAMRC-002 based on laboratory assays

An interim review of the drill results suggests that the Cambridge ultramafic body is likely to have undergone a degree of magmatic fractionation and this would have resulted in internal “layering” within the ultramafic body. These individual zones will have varying levels and composition of Ni + Cr + MgO.

A comparison may be made between the geological aspects of the giant Mt Keith Nickel deposit, located within the Leinster Nickel Field to the northwest, and the large ultramafic (dunite) body at Cambridge.

The scale of the Cambridge ultramafic body is analogous with the Mt Keith ultramafic complex, which is also hosted within a large dunite body, predominantly comprised of prospective olivine mesocumulate and adcumulate ultramafics.

The Mt Keith nickel deposit is believed to provide a credible geological model to guide the further exploration and development work at Cambridge. Based on this comparison, St George believes there is a strong case to infer that the high MgO olivine mesocumulate and olivine adcumulate rocks, the targeted area for nickel sulphides, will be present at Cambridge below the levels that were tested by the recent reconnaissance drilling.

New Nickel Areas

During the quarter, the Company applied for an exploration licence (E39/1722) over a northern extension of the Stella Range ultramafic belt.

The additional ground is contiguous with the northern boundary of the Company’s existing East Laverton Property and extends St George’s dominant coverage along the fertile and highly prospective Stella Range ultramafic belt for approximately a further 12 km.

NICKEL EXPLORATION – PROJECT DRAGON

No field work was completed during the quarter.

A review of the drill results from the 2012 reconnaissance reverse circulation programme at Project Dragon is ongoing with a view to finalising the 2013 exploration programme.

For further details of the Project Dragon farm-in arrangement see the ASX Release dated 6 April 2011 issued by St George Mining and on our website at www.stgm.com.au/project-dragon.html

EAST LAVERTON GOLD EXPLORATION

Two gold prospects were drilled during the quarter as part of the 2012 RC drilling programme. These were the Athena Au Prospect and the Desert Dragon Au Prospect.

At Athena, two spaced scissor holes were completed to test a shear-zone hosted Au-Ag (gold-silver) geochemical anomaly recognised through MMI soil sampling. ATHRC-001 was drilled to a down-hole depth of 264 m and ATHRC-002 was drilled to a down-hole depth of 252 m.

At Desert Dragon two spaced scissor holes were completed to test a high value Au-Ag soil anomaly on the Stella Range ultramafic belt and regional shear zone. DDNRC-001 was drilled to a down-hole depth of 240 m, while DDNRC-002 was drilled to a down-hole depth of 246 m. The holes are situated on the western margin of a late-stage granite intrusion.

The holes at both prospects encountered zones of intense potassium feldspar + silica + biotite alteration which is consistent with the presence of oxidized and alkaline hydrothermal fluids. The laboratory assays did not detect any significant intersections of gold in these completed holes and a technical review of these prospects is ongoing.

EAST LAVERTON RARE EARTHS POTENTIAL - RED DRAGON

During the quarter, an infill MMI soil survey was completed over the priority target at the Red Dragon REE prospect (the northern target) as well as over two other targets (the central and southern targets).

The assay results from the infill survey indicated strongly anomalous REE geochemical values in all of these three target areas but particularly highlighted the potential of the northern target.

The REE geochemical responses are strongly anomalous to the background values of the 60+ sq km geochemical footprint identified by the regional scale (500 m grid) MMI soil geochemistry. Of note was the limited variation between the heavy and light rare earth values. This suggests little fractionation and a comparatively homogeneous magma, which is typical of an unevolved mantle source. This is consistent with a primary carbonatite complex underlying the large carbonate-REE geochemical signature.

The northern target is an area with a strong and coincidental light and heavy REE response and is the priority target at this time.

The planned 2013 drill program at Red Dragon will be assisted by a grant of \$122,000 approved for St George Mining. The grant was awarded under the West Australian Government's "Innovative Drilling Program" that forms part of its Exploration Incentive Scheme (EIS).

East Laverton Tenements

St George Mining has 100% ownership of 26 granted Exploration Licences and one application for an Exploration Licence at the East Laverton Property.

LAKE MINIGWAL PROJECT

The Company's data compilation and desktop review of the Project is ongoing and will be the basis for exploration targeting. Areas of interest will be selected and investigated by MMI soil geochemistry in Q2 2013. The purpose of the survey will be to confirm the presence of greenstones, map major structures and identify further areas of interest.

Lake Minigwal Tenements

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

PINE CREEK PROPERTY - EXPLORATION ACTIVITIES

A desktop geological review, including an assessment of exploration targets, is ongoing. The review is utilising a new and refined predictive exploration model for the Pine Creek Property that was developed by the Company, following the drill results from the 2011 drilling programme.

The review included the use of the industry leading CSIRO HyLogger to spectrally analyse the historic and recent drilling at Pine Creek. Particular attention was placed on the analysis of mineral ratios that provided a means to assess the position of drill holes in relation to the central parts of the gold system. In addition, a local structural model was developed following an analysis of the controls on mineralisation at the nearby Cosmo Howley gold deposit (2+ Moz Au), and other gold deposits at Pine Creek. The structural consistency across deposits appears to be conformable with the relative variations of the past drilling at the Pine Creek Property. A new target area in the north of the Property has been generated and will be explored during the coming field season.

Pine Creek Tenements

There are 7 Exploration Licences comprising the Pine Creek Property in which St George Mining has an 80% interest. All tenements have been granted.

No tenements, in part or whole, were relinquished, surrendered or otherwise divested during the quarterly period ended 31 December 2012.

CORPORATE ACTIVITIES

On 15 January 2013, the Company received a cash payment of \$796,129.62 pursuant to the Federal Government's Research and Development Tax Incentive Scheme. This Scheme is administered jointly by AusIndustry and the Australian Taxation Office.

The Company's 2011/2012 financial year tax return was assessed to include research and development expenditure eligible for the cash rebate under the R&D Tax Incentive Scheme.

The payment represents \$794,984.40 as a cash rebate for R&D expenditure and \$1,145.22 as accrued interest.

For further information, please contact:

John Prineas

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St George Mining Limited

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COMPETENT PERSON STATEMENT:

The information in this announcement that relates to Exploration Results and Mineral Resources is based on information compiled by Andrew Hawker of Hawker Geological Services Pty Ltd. Mr Hawker 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 Hawker 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 Hawker consents to the inclusion of information in this announcement in the form and context in which it appears.

Appendix 5B

Mining 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

Name of entity

St George Mining Limited

ABN

21 139 308 973

Quarter ended ("current quarter")

31 December 2012

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (6 months) \$A'000
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for (a) exploration & evaluation	(465)	(701)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(38)	(184)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	5	11
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other - GST	(70)	(78)
Net Operating Cash Flows		(568)	(952)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(2)
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		-	(2)
1.13	Total operating and investing cash flows (carried forward)	(568)	(954)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(568)	(954)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	735	735
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 – cost of issue	(54)	(54)
	Net financing cash flows	681	681
	Net increase (decrease) in cash held	113	(273)
1.20	Cash at beginning of quarter/year to date	380	766
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	493	493

Payments to directors of the entity and associates of the directors

Payments to 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	121
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 and secretarial services	16

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

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	NIL	NIL
3.2 Credit standby arrangements	NIL	NIL

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	250
4.2 Development	
4.3 Production	
4.4 Administration	156
Total	406

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	493	380
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	493	380

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	N/A			
6.2 Interests in mining tenements acquired or increased	E39/1677 E39/1678	Exploration Licence Exploration Licence	- -	100% 100%

+ See chapter 19 for defined terms.

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 <i>(description)</i>	100	-	-	-
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	-	-	-	-
7.3	*Ordinary securities	66,631,000	66,631,000	-	-
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,500,000 80,000 33,000	3,500,000 80,000 33,000	0.21 0.10 0.20	0.21 0.10 0.20
7.5	*Convertible debt securities <i>(description)</i>	-	-	-	-
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted	-	-	-	-
7.7	Options <i>(description and conversion factor)</i>	48,508,000 450,000 450,000 600,000	48,508,000 - - -	<i>Exercise price</i> 0.20 0.20 0.25 0.40	<i>Expiry date</i> 28 November 2014 28 November 2013 28 November 2014 28 November 2015
7.8	Issued during quarter	500,000 - - -	500,000 - - -	0.001 - - -	0.001 - - -
7.9	Exercised during quarter	(33,000)	(33,000)	-	-

+ See chapter 19 for defined terms.

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 January 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.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining 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, 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.