



ST GEORGE
MINING LIMITED

ACN 139 308 973

ANNUAL REPORT 2014

CORPORATE DIRECTORY

Board of Directors

John Prineas - Executive Chairman
Tim Hronsky - Executive Director
Marcus Michael - Non-Executive Director

Company Secretary

Sarah Shipway

Registered and Principal Office

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Australian Business Number

ABN 21 139 308 973

Share Register

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Int: +61 8 9323 2000

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Stock Exchange Code

SGQ – Ordinary Shares

SGQO – Listed Options

Solicitors

Steinepreis Paganin

Auditors

Stantons International

Bankers

Commonwealth Bank



CONTENTS

PAGE

Chairman's Letter	3
Review of Operations	5
Directors' Report	13
Consolidated Statement of Profit or Loss and Other Comprehensive Income	22
Consolidated Statement of Financial Position	23
Consolidated Statement of Changes in Equity	24
Consolidated Statement of Cash Flows	25
Notes to the Financial Statements	26
Directors' Declaration	51
Auditor's Independence Declaration	52
Independent Auditor's Report	53
Corporate Governance Statement	55
Shareholder Information	63
Schedule of Tenements	65



Diamond core drilling at the Desert Dragon nickel prospect in June 2014

Dear Fellow Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of St George Mining Limited for the financial year ended 30 June 2014.

This has been a landmark year for your Company with St George taking 100% control and ownership of the nickel rights at the East Laverton Property following the end of the Project Dragon farm-in arrangement.

During May 2013, BHP Billiton Nickel West exercised its right to proceed to Stage One of the farm-in arrangement at Project Dragon. In October 2013, our former partner withdrew from the farm-in, relinquishing all interests in the East Laverton Property and handing to St George an exploration database compiled from almost \$3m of expenditure.

The Company now has 100% ownership of an emerging nickel mineral field, securing all the upside of any new nickel sulphide discoveries for our shareholders.

St George has assembled a highly qualified technical team with a proven track record of nickel sulphide discoveries, and is actively exploring our large tenement holding that encompasses three extensive ultramafic belts.

The highly prospective nickel targets generated by Project Dragon were incorporated into the Company's portfolio of nickel sulphide prospects, allowing for the execution of a systematic and comprehensive exploration programme across the entire Project.

The 2014 nickel sulphide drilling campaign commenced in May 2014 and will include the test drilling of electromagnetic (EM) conductors identified at our highest priority nickel sulphide prospects.

St George successfully completed over-subscribed capital raisings in December 2013 and May 2014, demonstrating the strong market support for the Company's nickel exploration model.

The Company is now recognised as a prominent and respected Australian nickel sulphide explorer, and is well positioned for exploration success.



John Prineas
Executive Chairman

EAST LAVERTON PROPERTY (100% ST GEORGE)

St George Consolidates 100% Ownership of Nickel Rights

On 3 October 2013, St George Mining consolidated 100% ownership and control of the nickel rights for all tenements at the East Laverton Property following termination of the Project Dragon farm-in arrangement.

Following successful exploration results in the 2012 reconnaissance drilling programme, our former partner in Project Dragon (**BHP Billiton Nickel West Pty Ltd**) exercised an option on 29 May 2013 to proceed to Stage One of the Project Dragon farm-in. Prior to conducting any further field exploration, our partner withdrew from the farm-in on 3 October 2013.

Our former partner then agreed to relinquish all interests in the nickel rights at the East Laverton Property, handed over its exploration database and made a cash payment of \$270,000 to St George.

The highly prospective nickel targets discovered by Project Dragon are now wholly owned by St George Mining and have been included in the Company's exploration portfolio, giving our shareholders 100% exposure to all new discoveries at East Laverton.

The tenement consolidation at the East Laverton Property has not only unified prospects split by tenement boundaries, but has also created important synergies and cost efficiencies for ongoing exploration. This has enabled St George to implement a new nickel exploration strategy that encompasses the best nickel prospects across the consolidated property and maximises the opportunity for exploration success.

Emerging Nickel Province

A significant amount of exploration work was completed during the Project Dragon farm-in arrangement, including an initial drilling programme of 35 RC (reverse circulation) drill holes for a total of 8,560 metres. Drilling was completed at 7 nickel targets and on each of the three ultramafic belts.

The initial and very significant results from the Project Dragon exploration was that the drilling demonstrated compositional similarities between the komatiites at the East Laverton Property and those of the Agnew-Wiluna nickel belt. The Agnew Wiluna ultramafic belt is the most significant nickel belt in Western Australia and hosts a number of world class nickel sulphide deposits including the Perseverance, Mt Keith and Cosmos nickel camps.

The specialised ultramafic rocks of the Agnew-Wiluna belt are derived from a very high temperature, magnesium-rich parental magma. Reconnaissance drilling at East Laverton has shown similar large scale and thick occurrences of these highly favourable ultramafic sequences.

The close association of these ultramafic sequences with sulphur-rich felsic volcanics and sulphide-rich sediments, which indicate the presence of a local sulphur source, are additional and important features observed at East Laverton. They are fundamental requirements for the formation of economic nickel sulphide mineralisation.

The combination of the high temperature MgO-rich ultramafic rocks, along with the widespread presence of magmatic nickel and PGE sulphides, emphasises the rare and significant nature of St George's nickel project at East Laverton, and its potential to become a new nickel province.

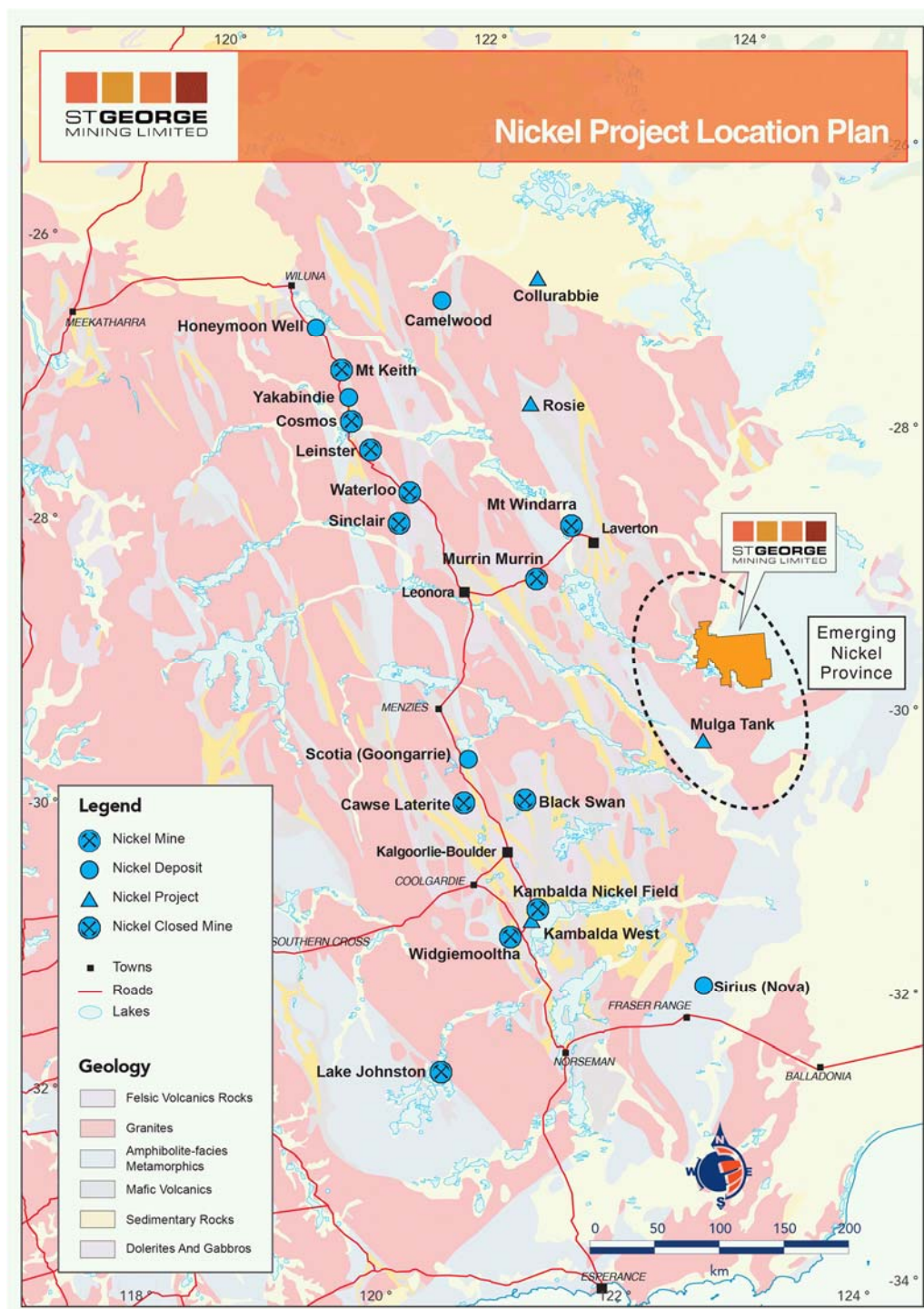


Figure 1 - St George's ground is the dominant landholding in the emerging nickel province located to the east of the Agnew-Wiluna belt

High Priority Nickel Prospects

St George has established a portfolio of high priority nickel prospects at the East Laverton Property and these are being fast tracked for drill testing. These key targets are shown in Figure 2.

Each of these prospects has the potential for a significant nickel discovery. In addition, there are several other very prospective but less advanced areas of interest within the East Laverton Property which will generate more quality nickel sulphide prospects over time.

The Company has engaged Newexco Services, as geophysical advisers for our nickel exploration.

Newexco have been designing, managing and interpreting the results of a regional scale moving loop electromagnetic (MLEM) survey at the East Laverton Property. This extensive survey has initially focussed on the more advanced nickel prospects and has been successful in identifying quality EM conductors, potentially representative of nickel sulphide deposits.

The MLEM survey has covered approximately 80 line kilometres to date, and is continuing. This systematic exploration of the extensive ultramafic belts at the East Laverton Property, which have already been demonstrated to host nickel sulphides, is an effective way to maximise the opportunities for a significant discovery.

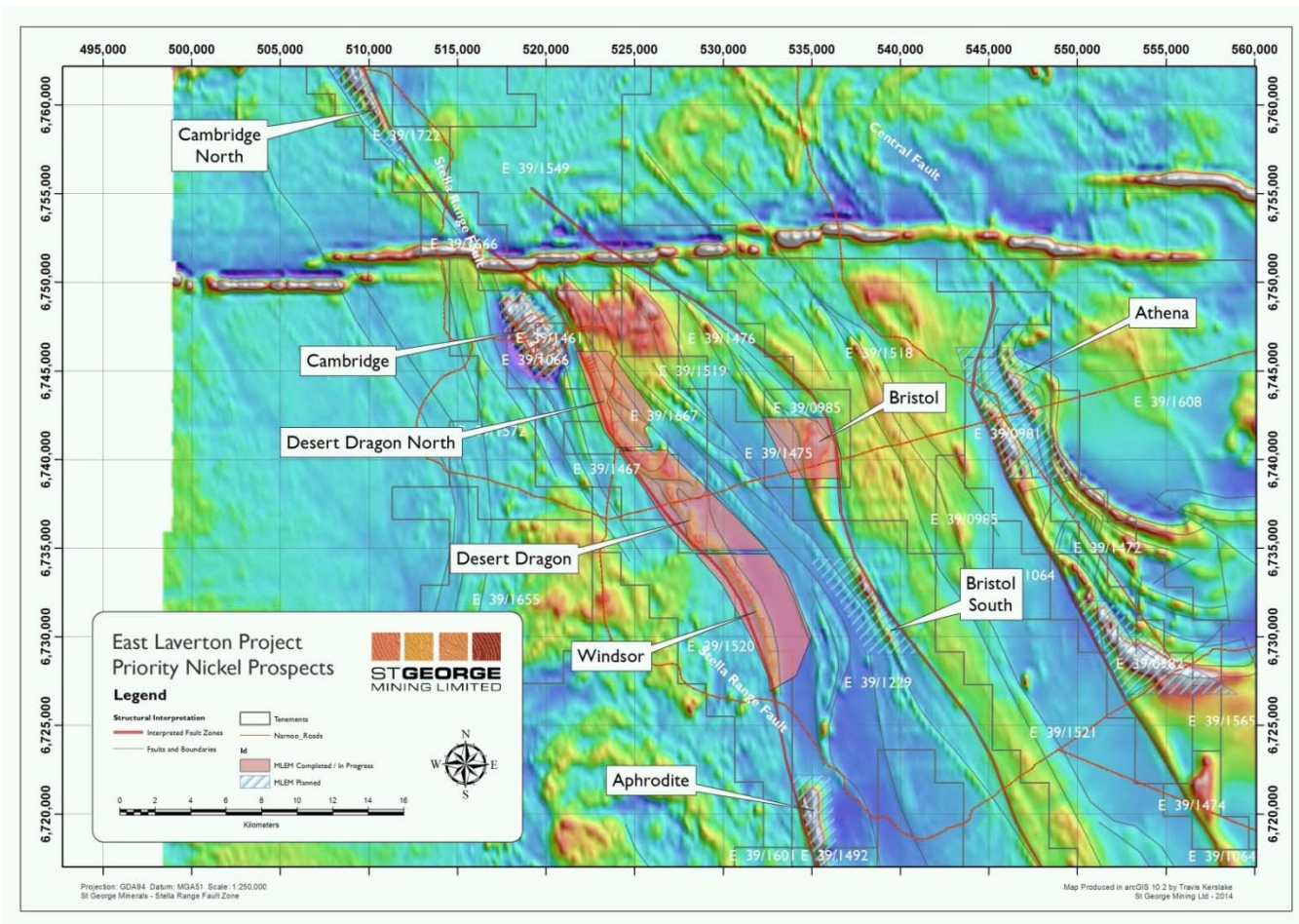


Figure 2 – a map of the East Laverton Property over aeromagnetics (TMI) illustrating the priority nickel prospects across the three ultramafic belts and the areas initially covered by the MLEM survey

Drilling Campaign

St George completed a short drilling programme at the Desert Dragon nickel prospect in December 2013 near a previous nickel sulphide intersection in drill hole DRAC35 (18m @ 0.40% Ni).

The three completed diamond core holes - DDD001, DDD002 and DDD003 - intersected multiple, thick ultramafic units with high levels of sulphur. This is a favourable geological setting for the presence of massive sulphide nickel mineralisation. The down-hole electromagnetic (DHEM) survey completed on these drill holes identified strong off-hole anomalies.

The EM conductors, illustrated in Figure 3, remain to be tested. Lithogeochemical analysis has effectively directed the need for further exploration to the south/southwest of DRAC35 and DDD001. Follow-up activities are being planned.

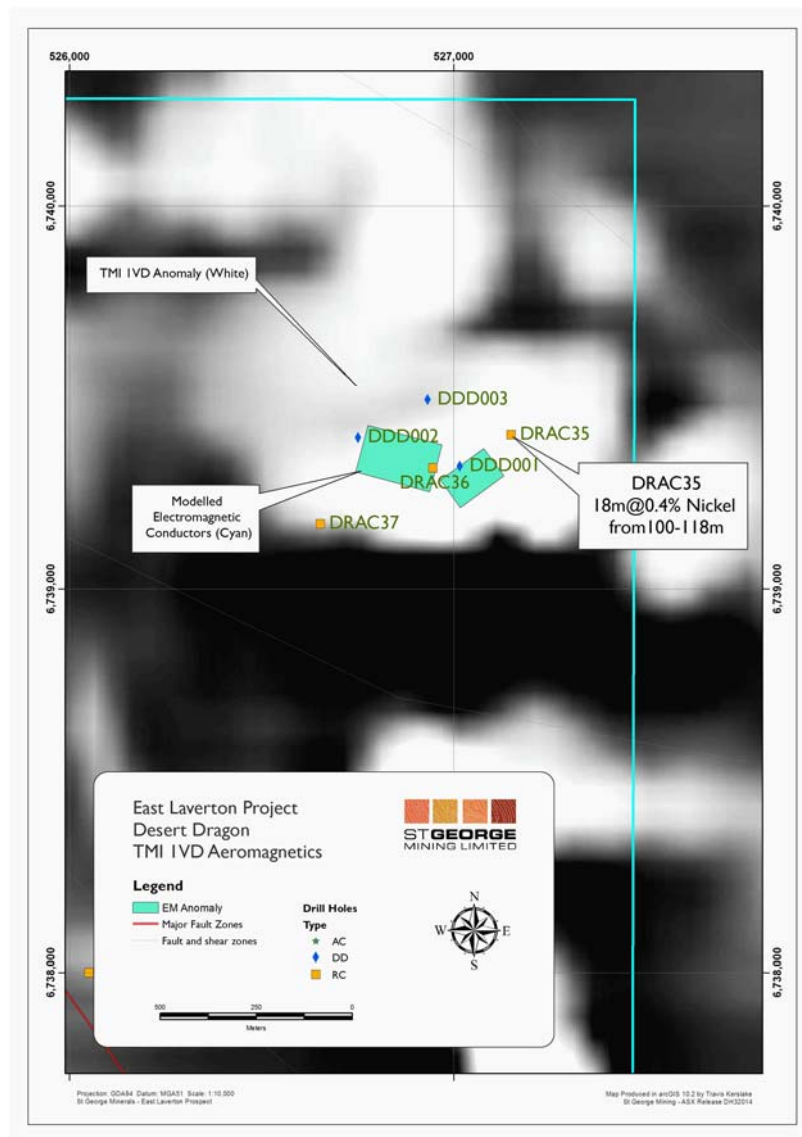


Figure 3 - the DHEM conductors are co - incident with a strong magnetic anomaly identified by the Total Magnetic Intensity First Vertical Derivative (1VD) survey.

The 2014 nickel sulphide drilling campaign commenced on 27 May 2014, with 3,667 metres of RC and diamond drilling completed. Assays for this drilling programme are pending, with geological logging of the core indicating that 13 of the 15 completed holes intersected komatiites ultramafics, including very thick intervals. Figure 4 illustrates the location of the completed drill holes.

Importantly, the drill holes encountered extensive sulphide accumulations, confirming the sulphide-rich mineral system at the East Laverton Property. All drill holes that tested EM conductors intersected massive sulphide zones, some with anomalous levels of nickel, copper, zinc and chromium (based on XRF analysis). The metal-rich nature of the sediments suggests these are exhalative sediments associated with volcanic vents and highlight the previously observed VMS (volcanic massive sulphide) potential of the East Laverton Property.

Preliminary results from Phase 1 of the 2014 drilling campaign further demonstrate that the key criteria for massive nickel sulphides are present at East Laverton, including high-MgO komatiites and an abundant sulphur source. This re-affirms the potential for East Laverton to host massive nickel sulphides.

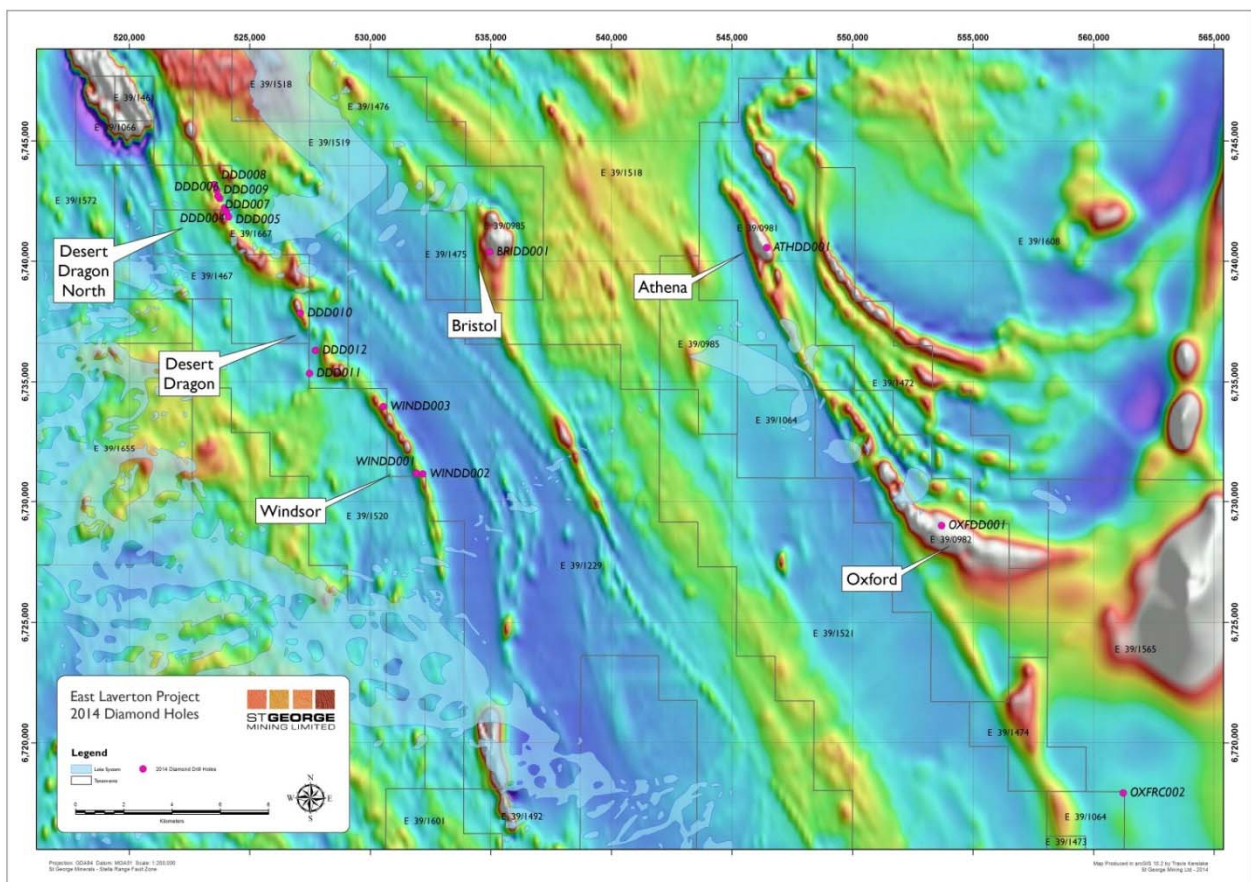


Figure 4 – a map of the tenement package at the East Laverton Property with diamond drill holes from Phase 1 of the 2014 nickel sulphide drilling campaign

Phase 2 of the 2014 nickel sulphide drilling campaign is planned to commence in October 2014. This drilling programme will focus on new EM targets identified by the ongoing MLEM survey as well as follow-up drilling at existing targets where DHEM results and assay results indicate that further testing is warranted.

VMS Prospect

Drill hole DDD011, completed in Phase 1 of the 2014 drilling campaign, encountered an interval of highly anomalous zinc and copper sulphide mineralisation from 72m to 87m (down the hole) based on XRF analysis. The high values are associated with visible sulphide bands in non-ultramafic rocks.

The geochemical profile, including zones of Mg-rich chlorite and certain rare earth element ratios, are consistent with the marginal facies of a VMS (volcanic massive sulphide) system. Exhalative sediments, consistent with a VMS system, have previously been identified at the East Laverton Property and the potential for VMS deposits has been noted.

Further evaluation of this exciting new prospect will be completed once laboratory assays for DD011 are received, including an assessment of the broader potential for VMS deposits across the East Laverton Property.

Other Exploration at East Laverton

St George has identified attractive prospects at the East Laverton Property for gold and rare earths.

A number of gold prospects continue to be evaluated by the Company, including the flagship Balmoral gold prospect, where soil geochemistry as well as closed spaced magnetics and gravity work support the presence of a large-scale, zoned hydrothermal gold system.

The East Laverton Property is bounded by major gold fields with landmark deposits – Sunrise Dam to the west, Tropicana to the east and Yamarna (Gold Road, ASX: GOR) to the north; see Figure 5.

The Red Dragon rare earths prospect is believed to be a large Paleoproterozoic carbonatite-REE mineral system that was detected by regional soil geochemical surveys, and validated in three-dimensions by drilling. RC Drilling at Red Dragon during 2013 showed geochemically anomalous levels of heavy (HREE) and light (LREE) rare earth elements. Further evaluation of this prospect is ongoing.

LAKE MINIGWAL PROJECT (100% ST GEORGE)

The Company's Lake Minigwal tenements cover a strong cluster of highly anomalous gold responses on a concealed and previously unexplored greenstone belt, which was identified by a regional geochemical survey conducted by the GSWA (Geological Survey of Western Australia).

St George believes the Lake Minigwal Project hosts a large area of concealed greenstone that extend northwards from the Wongatha and Minigwal greenstones that host the nickel sulphide mineralisation at the Mulga Tank nickel project. This Lake Minigwal Project is prospective for gold and nickel sulphide mineralisation. Figure 5 illustrates the location of the Project, to the south-east of the East Laverton Property.

A geochemical soil survey and a gravity survey were initiated this year 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. A further closer-spaced survey will test the area around the most highly anomalous gold geochemical sample. The gravity survey will test the density of the rocks at the project area and will help to map the concealed greenstones and alteration patterns.

Further exploration, including test drilling, will be considered after evaluation of the soil and gravity survey results.

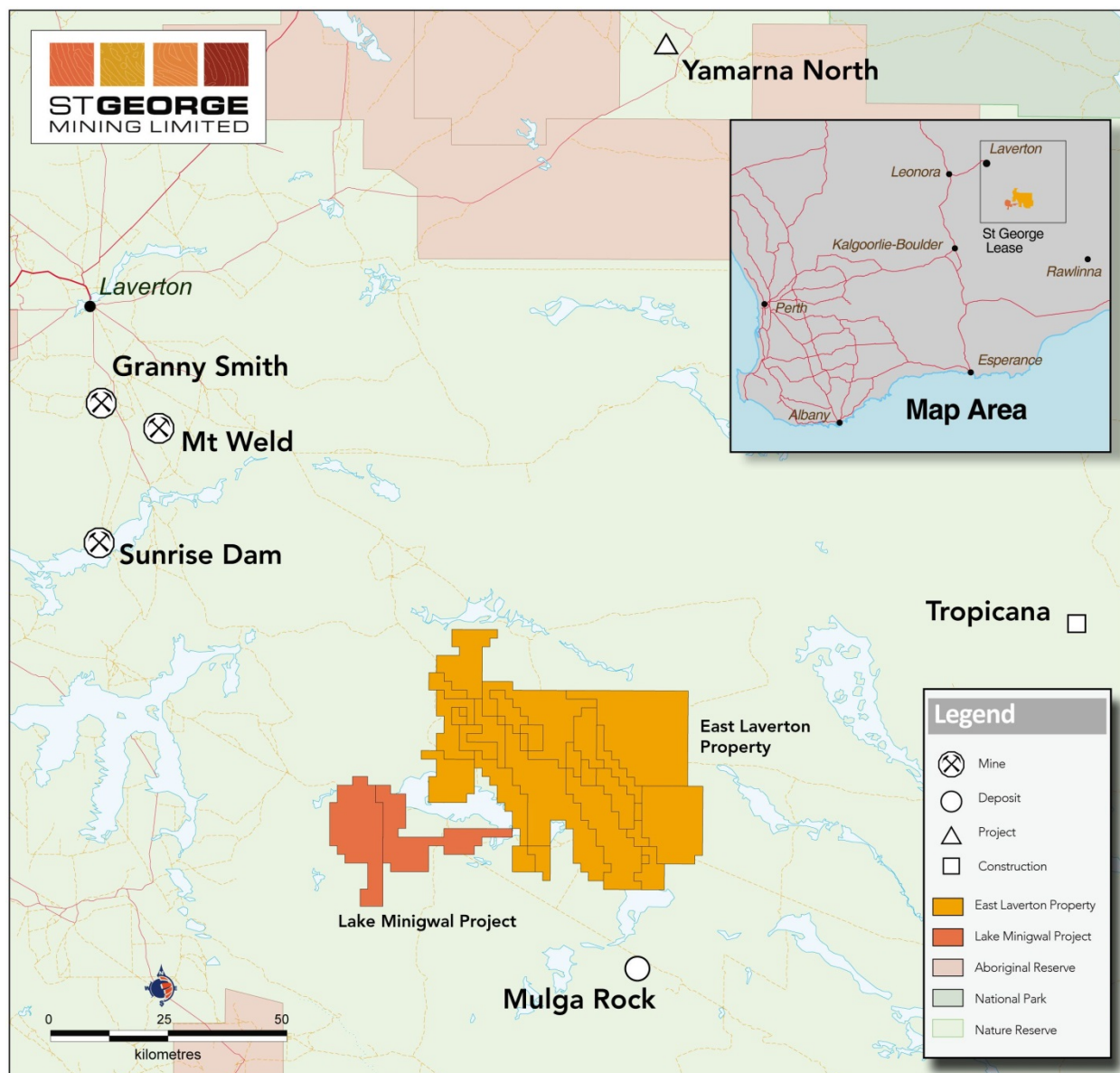


Figure 5 – the East Laverton Property and the Lake Minigwal Project with major projects in the region.

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.

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 device is unable to reliably detect precious metals in samples but is considered to be more reliable for base metal assessment.

Unless otherwise stated, values determined by XRF analysis are based on one spot reading per one metre of drill core. As such, results from XRF analysis are stated as indicative only and are preliminary to subsequent confirmation by geochemical analysis at SGS Laboratories.

The XRF data is useful in assisting in the interpretation of the geological character of the rocks being encountered during drilling. The data may not be representative of the actual metal content in that sample.

CORPORATE

During the financial year, the Company completed two capital raisings. On 6 December 2013, the Company completed a placement of ordinary shares to sophisticated investors to raise a total of \$825,000 through the issue of 7,500,000 shares at \$0.11 each.

On 22 May 2014, the Company completed a further placement of ordinary shares to sophisticated investors to raise a total of \$1,175,430 through the issue of 9,795,250 shares at \$0.12 each.

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. This placement was completed after the balance date following a General Meeting of the Company held on 10 July 2014 which approved the additional placement.

Following the placement in May 2014, the Company had 89,276,250 ordinary shares on issue. After the additional placement in July 2014, the Company had 92,326,251 ordinary shares on issue.

Capital Structure

As at 30 June 2014, the capital structure of the Company was:

Fully Paid Ordinary Shares (SGQ)	89,276,250
Listed Options (SGQO)	48,508,000
Unlisted Options	
Class B Options	750,000
Class C Options	1,000,000
Performance Shares	100

COMPETENT PERSON STATEMENT:

JORC 2012: 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 issued by the Company in regard to its exploration projects, 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.

The Directors of St George Mining Limited submit herewith the annual financial report of St George Mining Limited from the 1 July 2013 to 30 June 2014. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows:

DIRECTORS

The names and particulars of the directors of the Company as at 30 June 2014, and at the date of this report, are as follows. Directors were in office for the entire period unless otherwise stated.

JOHN PRINEAS B.EC LL.B F FIN

Executive Chairman

Appointed 19 October 2009

John has over 26 years experience in the banking and legal sectors, including a period as the head of a financial institution in Australia. He commenced his career as a lawyer at Allen, Allen & Hemsley, gaining extensive experience in commercial transactions and corporate advice in both Australia and Asia-Pacific.

In 1994, he joined Dresdner Bank AG in Sydney and over the next 10 years occupied the roles of General Counsel, Chief Operating Officer and Country Head with a focus on project and acquisition finance for resources and infrastructure projects as well as associated capital markets and treasury products, including commodities trading.

John has a diverse range of high level experience in finance, mining and corporate governance.

During the past 3 years he has held no other listed company directorships.

TIM HRONSKY B.ENG (Geology) MAUSIMM, MSEG

Executive Director

Appointed 25 November 2009

Tim is a geologist with over 24 years international experience in the mineral exploration and mining industry, including 15 years with Placer Dome Inc. After graduating from the West Australian School of Mines, Tim began his career in a number of operational roles before shifting to exploration where he was the Exploration Manager (Asia) for Placer Dome.

Subsequently he undertook a number of corporate roles related to business improvement, risk management and assurance. More recently, he has been providing consulting services to a range of clients in the global exploration and mining industry.

During the past 3 years he has held no other listed company directorships.

MARCUS MICHAEL CA, B.Bus

Non-Executive Director

Appointed 19 October 2009

Marcus Michael is a Chartered Accountant with extensive experience in the Australian financial markets including ASX company listings, equity and debt funding, mergers and acquisitions and corporate restructures and recapitalisations.

Marcus is a founding Director of Marshall Michael Pty Ltd, Chartered Accountants. Established in 1994 as a boutique corporate and business advisory, wealth management, tax advisory and financial and management reporting practice, servicing mining and exploration, healthcare and information technology sectors.

Marcus graduated from Curtin University with a Bachelor of Business and is a Member of the Institute of Chartered Accountants.

During the past 3 years he has also served as a director of the following listed companies;

Company	Date of Appointment	Date of Resignation
Argent Minerals Limited	4 April 2007	Not applicable
Beacon Minerals Limited	19 March 2012	Not applicable
Cardinal Resources Limited	28 December 2012	Not applicable

SARAH SHIPWAY CA, B.Com

Alternate Director

Appointed 9 July 2014

Retired 12 July 2014

Sarah Shipway was an alternate director to Marcus Michael for the period 9 July 2014 to 12 July 2014. Sarah Shipway was appointed Company Secretary of St George Mining on 22 March 2012. Sarah has a Bachelor of Commerce from the Murdoch University and is a member of the Institute of Chartered Accountants.

During the past 3 years she has held no other listed company directorships.

COMPANY SECRETARY

Sarah Shipway was appointed Company Secretary on 22 March 2012. For details relating to Sarah Shipway, please refer to the details on directors above.

DIRECTORS' INTERESTS

At the date of this report the Directors held the following interests in St George Mining.

Name	Ordinary Shares	Listed Options	Class B Unlisted Options	Class C Unlisted Options	Performance Shares
John Prineas	10,214,221	7,658,167	-	-	30
Tim Hronsky	1,062,500	531,250	300,000	400,000	10
Marcus Michael	2,810,668	2,108,006	-	-	15

John Prineas has had no interest, whether directly or indirectly, in a contract or proposed contract with St George Mining Limited during the financial year end. Marshall Michael Pty Ltd Chartered Accountants, of which Marcus Michael is a Director, provides accounting, bookkeeping, corporate secretarial and general administrative services to the Company and Tim Hronsky through Essential Risk Solutions Ltd ("ERS"), of which Tim Hronsky is a Director, provides technical consulting services to the Company.

PRINCIPAL ACTIVITIES

The principal activity of the Group is mineral exploration in Australia.

RESULTS AND REVIEW OF OPERATIONS

The results of the consolidated entity for the financial year from 1 July 2013 to 30 June 2014 after income tax was a loss of \$1,893,880 (2013: \$1,494,460).

A review of operations of the consolidated entity during the year ended 30 June 2014 is provided in the "Review of the Operations" immediately preceding this Directors' Report.

LIKELY DEVELOPMENTS

The Group's focus over the next financial year will be to continue exploration on its key projects at the East Laverton Property. Further commentary on planned activities over the forthcoming year is provided in the "Review of Operations".

The Board will continue to focus on creating value from the Company's existing resource assets, as well as considering new opportunities in the resources sector to complement the Company's current projects.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There has not been any significant change in the state of affairs of the Group during the financial year, other than as noted in this financial report.

ENVIRONMENTAL ISSUES

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all applicable regulations when carrying out exploration work.

DIVIDENDS PAID OR RECOMMENDED

The directors do not recommend the payment of a dividend and no amount has been paid or declared by way of a dividend to the date of this report.

DIRECTORS' MEETINGS

The following table sets out the number of meetings held during the year ended 30 June 2014 and the number of meetings attended by each director.

Name	Eligible to attend	Attended
J Prineas	12	12
T Hronsky	12	11
M Michael	12	12

Sarah Shipway was an alternate director to Marcus Michael for the period 9 July 2014 to 12 July 2014. No Directors meeting were held during this period.

REMUNERATION REPORT – AUDITED***Remuneration policy***

The remuneration policy of St George Mining Limited has been designed to align directors' objectives with shareholder and business objectives by providing a fixed remuneration component, which is assessed on an annual basis in line with market rates. The Board of St George Mining Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best directors to run and manage the Company.

The Board's policy for determining the nature and amount of remuneration for Board members is as follows:

- The remuneration policy and setting the terms and conditions for the Executive directors and other senior staff members is developed and approved by the Board based on local and international trends among comparative companies and industry generally. It examines terms and conditions for employee incentive schemes, benefit plans and share plans. Independent advice is obtained when considered necessary to

confirm that executive remuneration is in line with market practice and is reasonable within Australian executive reward practices.

- All executives receive a base salary (which is based on factors such as length of service and experience) and superannuation.
- The Group is an exploration entity, and therefore speculative in terms of performance. Consistent with attracting and retaining talented executives, directors and senior executives are paid market rates associated with individuals in similar positions within the same industry. Options and performance incentives may be issued particularly as the entity moves from an exploration to a producing entity and key performance indicators such as profit and production and reserves growth can be used as measurements for assessing executive performance.
- The Board policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Executive Directors, in consultation with independent advisors, determine payments to the non-executives and review their remuneration annually, based on market practice, duties and accountability. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and is currently \$150,000 per annum. Fees for independent non-executive directors are not linked to the performance of the Group. To align Directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Details of directors and executives

Directors	Title	Date of Appointment	Date of Retirement
J Prineas	Executive Chairman	19 October 2009	Not Applicable
T Hronsky	Executive Director	25 November 2009	Not Applicable
M Michael	Non-Executive Director	19 October 2009	Not Applicable

The Company does not have any executives that are not Directors.

Executive Directors' remuneration and other terms of employment are reviewed annually by the non-executive director(s) having regard to performance against goals set at the start of the year, relative comparable information and independent expert advice.

Except as detailed in the Director's Report, no director has received or become entitled to receive, during or since the financial year end, a benefit because of a contract made by the Group or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors and shown in the Remuneration Report, prepared in accordance with the Corporations Regulations, or the fixed salary of a full time employee of the Group.

Remuneration of directors and executives

Remuneration for the financial year ended 30 June 2014.

Directors	Short-Term Benefits		Post Employment Benefits	Long Term Benefits	Equity Settled Share-Based Payments	Total
	Salary, Fees and Leave	Non Monetary	Superannuation	Long Service Leave	Shares/Options	
	\$	(i) \$	\$	\$	\$	\$
J Prineas						
2014	180,000	3,998	16,650	-	-	200,648
2013	180,000	4,384	16,200	-	-	200,584
T Hronsky						
2014	180,000	3,660	-	-	-	183,660
2013	180,000	4,022	-	-	-	184,022
M Michael						
2014	40,000	889	3,700	-	-	44,589
2013	40,000	974	3,600	-	-	44,574
Total						
2014	400,000	8,547	20,350	-	-	428,897
2013	400,000	9,380	19,800	-	-	429,180

(i) Non monetary benefits are for directors' and officers' liability and legal expense insurance premiums.

Employment contracts of directors and executives

The terms and conditions under which key management personnel and executives are engaged by the Company are formalised in contracts between the Company and those individuals.

The Company has entered into an executive services agreement with Mr John Prineas whereby Mr Prineas receives remuneration of \$180,000 per annum plus statutory superannuation. Mr Prineas may terminate the agreement by giving 3 months' notice. The executive services agreement is reviewed and renewed monthly.

The Company has entered into a service agreement with Mr Marcus Michael whereby Mr Michael receives remuneration of \$40,000 per annum plus statutory superannuation.

The Company has entered into a consultancy contract with ERS and Mr Hronsky whereby a base service fee of \$15,000 per month is payable, \$180,000 per annum. Up to 4 economy class trips between Perth and Vancouver may be paid by the Company on behalf of Mr Hronsky in each calendar year. ERS may terminate the Agreement by giving 3 months' notice. The consultancy contract with ERS is reviewed and renewed monthly.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

In accordance with the constitution, except as may be prohibited by the Corporations Act 2001, every Officer or agent of the Company shall be indemnified out of the property of the entity against any liability incurred by him in his capacity as Officer or agent of the Company or any related corporation in respect of any act or omission whatsoever and howsoever occurring or in defending any proceedings, whether civil or criminal.

During the year the Company agreed to pay an annual insurance premium of \$8,547 (2013: \$9,380) in respect of directors' and officers' liability and legal expenses' insurance contracts, for directors, officers and employees of the Company. The insurance premium relates to:

- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal, and whatever the outcome.
- Other liabilities that may arise from their position, with the exception of conduct involving a willful breach of duty.

During the year no remuneration options were issued to directors or other key management personnel. No options were exercised or cancelled, 300,000 Class A Options expired on 28 November 2013 unexercised.

Shareholdings of key management personnel

Directors	Balance at 1 July 2013	Granted as remuneration	Net other change	Balance at 30 June 2014
John Prineas	10,214,221	-	-	10,214,221
Timothy Hronsky	1,062,500	-	-	1,062,500
Marcus Michael	2,810,668	-	-	2,810,668
Total	14,087,389	-	-	14,087,389

Directors	Balance at 1 July 2012	Granted as remuneration	Net other change (i)	Balance at 30 June 2013
John Prineas	10,194,221	-	20,000	10,214,221
Timothy Hronsky	1,062,500	-	-	1,062,500
Marcus Michael	2,810,668	-	-	2,810,668
Total	14,067,389	-	20,000	14,087,389

(i) On market transactions for cash consideration.

Listed Option holdings of key management personnel

Directors	Balance at 1 July 2013	Granted as remuneration	Net other change	Balance at 30 June 2014
John Prineas	7,658,167	-	-	7,658,167
Timothy Hronsky	531,250	-	-	531,250
Marcus Michael	2,108,006	-	-	2,108,006
Total	10,297,423	-	-	10,297,423

Directors	Balance at 1 July 2012	Granted as remuneration	Net other change (i)	Balance at 30 June 2013
John Prineas	7,458,167	-	200,000	7,658,167
Timothy Hronsky	531,250	-	-	531,250
Marcus Michael	2,108,006	-	-	2,108,006
Total	10,097,423	-	200,000	10,297,423

(i) On market transactions for cash consideration.

Class A Unlisted Option holdings of key management personnel

Directors	Balance at 1 July 2013	Granted as remuneration	Net other change (i)	Balance at 30 June 2014
John Prineas	-	-	-	-
Timothy Hronsky	300,000	-	(300,000)	-
Marcus Michael	-	-	-	-
Total	300,000	-	(300,000)	-

Directors	Balance at 1 July 2012	Granted as remuneration	Net other change	Balance at 30 June 2013
John Prineas	-	-	-	-
Timothy Hronsky	300,000	-	-	300,000
Marcus Michael	-	-	-	-
Total	300,000	-	-	300,000

(i) Expired during the year.

Class B Unlisted Option holdings of key management personnel

Directors	Balance at 1 July 2013	Granted as remuneration	Net other change	Balance at 30 June 2014
John Prineas	-	-	-	-
Timothy Hronsky	300,000	-	-	300,000
Marcus Michael	-	-	-	-
Total	300,000	-	-	300,000

Directors	Balance at 1 July 2012	Granted as remuneration	Net other change	Balance at 30 June 2013
John Prineas	-	-	-	-
Timothy Hronsky	300,000	-	-	300,000
Marcus Michael	-	-	-	-
Total	300,000	-	-	300,000

Class C Unlisted Option holdings of key management personnel

Directors	Balance at 1 July 2013	Granted as remuneration	Net other change	Balance at 30 June 2014
John Prineas	-	-	-	-
Timothy Hronsky	400,000	-	-	400,000
Marcus Michael	-	-	-	-
Total	400,000	-	-	400,000

Directors	Balance at 1 July 2012	Granted as remuneration	Net other change	Balance at 30 June 2013
John Prineas	-	-	-	-
Timothy Hronsky	400,000	-	-	400,000
Marcus Michael	-	-	-	-
Total	400,000	-	-	400,000

Performance Shareholdings of key management personnel

Directors	Balance at 1 July 2013	Granted as remuneration	Net other change	Balance at 30 June 2014 (i)
John Prineas	30	-	-	30
Timothy Hronsky	10	-	-	10
Marcus Michael	15	-	-	15
Total	55	-	-	55

Directors	Balance at 1 July 2012	Granted as remuneration	Net other change	Balance at 30 June 2013 (i)
John Prineas	30	-	-	30
Timothy Hronsky	10	-	-	10
Marcus Michael	15	-	-	15
Total	55	-	-	55

- (i) On satisfaction of certain milestone events, each Performance Share converts into 100,000 ordinary shares (refer to Directors' Report and note 12 (a)) in which case John Prineas would become entitled to a further 3,000,000 ordinary shares, Timothy Hronsky a further 1,000,000 ordinary shares and Marcus Michael a further 1,500,000 ordinary shares.

END OF REMUNERATION REPORT
SHARE OPTIONS
Unissued shares

At the date of this report the Company had on issue 48,508,000 listed options, exercisable at \$0.20 on or before 28 November 2014. During the financial year ended 30 June 2014 and at the date of this report no options had been converted into fully paid ordinary shares.

At the date of this report the Company had on issue the below unlisted options;

Unlisted Options Class	Number of Options	Exercise Price \$	Expiry Date
Class B Options	750,000	\$0.25	On or before 28 November 2014
Class C Options	1,000,000	\$0.40	On or before 28 November 2015
Unlisted Options	979,525	\$0.30	On or before 30 June 2016

During the financial year ended 30 June 2014 none of these unlisted options were converted into fully paid ordinary shares.

Option holders do not have any rights to participate in any issues of shares of other interests in the Company or any other entity.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

EVENTS SUBSEQUENT TO BALANCE DATE

On 22 July 2014 the Company issued 3,050,001 fully paid ordinary shares at \$0.12 per share pursuant to a placement to key services contractors of the Company, as well as one sophisticated investor.

On 22 July 2014 the Company issued 979,525 unlisted options exercisable at \$0.30 on or before 30 June 2016 pursuant to the Agreement dated 28 April 2014. The Options were issued as consideration for brokerage services provided in respect to the capital raising completed on 22 May 2014. The options were vested at the date the capital was raised, and hence have been included in the accounts at 30 June 2014.

Except for the above no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of the affairs of the Group in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 52 of the financial report.

Non Audit Services

The Company's auditor, Stantons International, did not provide any non-audit services to the Company during the financial year ended 30 June 2014.

Signed in accordance with a resolution of the directors made pursuant to s 298(2) of the Corporations Act 2001.

On behalf of the directors



JOHN PRINEAS
Executive Chairman
St George Mining Limited
Dated 20 August 2014

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014**

Australian Dollar (\$)	Note	30 JUNE 2014 \$	30 JUNE 2013 \$
REVENUE	3	<u>314,466</u>	<u>170,535</u>
EXPENDITURE			
Administration expenses	4	(747,464)	(601,627)
Exploration expenditure written off		<u>(2,056,461)</u>	<u>(1,858,352)</u>
LOSS BEFORE INCOME TAX		<u>(2,489,459)</u>	<u>(2,289,444)</u>
Income tax refund (payable)	5(a)	<u>595,579</u>	<u>794,984</u>
NET LOSS ATTRIBUTABLE TO MEMBERS OF THE COMPANY		<u>(1,893,880)</u>	<u>(1,494,460)</u>
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME (LOSS)		<u>(1,893,880)</u>	<u>(1,494,460)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO MEMBERS OF THE COMPANY		<u>(1,893,880)</u>	<u>(1,494,460)</u>
LOSS PER SHARE			
Basic and diluted – cents per share	14	<u>(2.45)</u>	<u>(2.25)</u>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014**

Australian Dollar (\$)	Note	30 JUNE 2014 \$	30 JUNE 2013 \$
CURRENT ASSETS			
Cash and cash equivalents	15(a)	1,261,659	877,156
Trade and other receivables	8(a)	101,091	76,688
Other assets	8(b)	2,614	10,459
TOTAL CURRENT ASSETS		1,365,364	964,303
NON CURRENT ASSETS			
Security bond		1,000	1,000
Plant and equipment	9	50,687	-
Exploration and evaluation expenditure	10	482,581	482,581
TOTAL NON CURRENT ASSETS		534,268	483,581
TOTAL ASSETS		1,899,632	1,447,884
CURRENT LIABILITIES			
Trade and other payables	11	1,011,181	522,693
Provisions	11	-	18,333
TOTAL CURRENT LIABILITIES		1,011,181	541,026
TOTAL LIABILITIES		1,011,181	541,026
NET ASSETS		888,451	906,858
EQUITY			
Issued capital	12(a)	9,240,285	7,439,139
Reserves	12(b)	487,662	413,335
Accumulated losses	13	(8,839,496)	(6,945,616)
TOTAL EQUITY		888,451	906,858

The above consolidated statement of financial position should be
read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2014**

Australian (\$)

	SHARE CAPITAL	ACCUMULATED LOSSES	SHARE OPTION RESERVE	TOTAL EQUITY
	\$	\$	\$	\$
BALANCE AT 1 JULY 2013	7,439,139	(6,945,616)	413,335	906,858
Loss for the year	-	(1,893,880)	-	(1,893,880)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	(1,893,880)	-	(1,893,880)
Shares and options issued during the year	2,000,430	-	63,865	2,064,295
Remuneration options issued during the year	-	-	10,462	10,462
Share issue expenses	(199,284)	-	-	(199,284)
BALANCE AT 30 JUNE 2014	9,240,285	(8,839,496)	487,662	888,451
BALANCE AT 1 JULY 2012	5,920,439	(5,451,156)	412,835	882,118
Loss for the year	-	(1,494,460)	-	(1,494,460)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	(1,494,460)	-	(1,494,460)
Shares and options issued during the year	1,613,000	-	500	1,613,500
Options exercised	6,600	-	-	6,600
Share issue expenses	(100,900)	-	-	(100,900)
BALANCE AT 30 JUNE 2013	7,439,139	(6,945,616)	413,335	906,858

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014**

Australian Dollar (\$)	Note	30 JUNE 2014 \$	30 JUNE 2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		291,048	-
Expenditure on mining interests		(1,689,112)	(1,374,458)
Payments to suppliers and employees		(661,361)	(632,839)
Interest received		24,042	23,661
Other – GST		(25,026)	(71,802)
Income tax refunded (R&D)		595,579	794,984
Net cash outflow from operating activities	15(b)	(1,464,830)	(1,260,454)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of tenements		-	(70,010)
Purchase of plant and equipment		(15,678)	-
Net cash outflow from investing activities		(15,678)	(70,010)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of shares and options net of capital raising costs		1,865,011	1,441,200
Net cash flows from financing activities		1,865,011	1,441,200
Net increase in cash and cash equivalents		384,503	110,736
Cash and cash equivalents at the beginning of the financial year		877,156	766,420
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	15(a)	1,261,659	877,156

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

1 CORPORATE INFORMATION

The financial report of St George Mining Limited ("St George Mining" or "the Company") for the year ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 20 August 2014.

St George Mining Limited is a company limited by shares, incorporated in Australia on 19 October 2009. The consolidated financial statements of the Company for year ended 30 June 2014 comprise of the Company and its subsidiaries together referred to as the Group or consolidated entity.

The nature of the operations and principal activity of the Group is mineral exploration.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation of the Financial Report

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and complies with other requirements of the law. The financial report also complies with the International Financial Reporting Standards. The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars. The following accounting policies have been adopted by the consolidated entity.

Going Concern

The directors have prepared the financial statements on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The Consolidated Entity has recorded a net accounting loss of \$1,893,880 and net operating cash outflows of \$1,464,830 for the year ended 30 June 2014.

The Directors have determined that future equity raisings or debt financing arrangements will be required to assist funding of the Company's activities to meet the Company's objectives. The Directors are investigating a number of options in respect of equity and debt financing arrangements. There is no certainty that these will be successfully completed to provide adequate working capital for the Company.

The Board however is confident, subject to the successful completion of future equity raisings or debt financing arrangements, that the Group will have sufficient funds to finance its operations in the 2014/2015 Financial Year.

(b) Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent St George Mining Limited and all of the subsidiaries (including any structured entities). Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 23.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries

have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as "non controlling interests". The Group initially recognises non-controlling interests that are present ownership interests in subsidiaries and are entitled to a proportionate share of the subsidiary's net assets on liquidation at either fair value or at the non-controlling interests' proportionate share of the subsidiary's net assets. Subsequent to initial recognition, non-controlling interests are attributed their share of profit or loss and each component of other comprehensive income. Non-controlling interests are shown separately within the equity section of the statement of financial position and statement of comprehensive income.

(c) Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted for as at the acquisition date, which is the date that control over the acquiree is obtained by the parent entity. At this date, the parent shall recognise, in the consolidated accounts, and subject to certain limited exceptions, the fair value of the identifiable assets acquired and liabilities assumed. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value uplifts in the value of pre-existing holdings are taken to the statement of comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of comprehensive income.

(d) Adoption of new and revised standards

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2013.

- AASB 10: Consolidated Financial Statements;
- AASB 11: Joint Arrangements;
- AASB 12: Disclosure of Interests in Other Entities;
- AASB 13: Fair Value Measurement;
- AASB 119: Employee Benefits; and
- AASB 127: Separate Financial Statements

Accounting Standard and Interpretation

AASB 10 'Consolidated Financial Statements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'

AASB 10 replaces the parts of AASB 127 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements and provides a revised definition of "control" such that an investor controls an investee when:

- a) it has power over an investee;
- b) it is exposed, or has rights, to variable returns from its involvement with the investee; and
- c) has the ability to use its power to affect its returns.

All three of these criteria must be met for an investor to have control over an investee. This may result in an entity having to consolidate an investee that was not previously consolidated and/or deconsolidate an investee that was consolidated under the previous accounting pronouncements.

There have been no changes to the treatment of investees compared to prior year.

AASB 11 'Joint Arrangements' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards'

AASB 11 replaces AASB 131 'Interests in Joint Ventures. AASB 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under AASB 11, there are only two types of joint arrangements – joint operations and joint ventures. The classification of joint arrangements under AASB 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances.

Application of this standard has not impacted on the financial statements of the Group.

AASB 12 'Disclosure of Interests in Other Entities' and AASB 2011-7 'Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards'

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 has resulted in more extensive disclosures in the consolidated financial statements.

AASB 13 'Fair Value Measurement' and AASB 2011-8 'Amendments to Australian Accounting Standards arising from AASB 13'

The Group has applied AASB 13 for the first time in the current year. AASB 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of AASB 13 is broad; the fair value measurement requirements of AASB 13 apply to both financial instrument items and non-financial instrument items for which other AASBs require or permit fair value measurements and disclosures about fair value measurements, except for share based payment transactions that are within the scope of AASB

2 'Share-based Payment', leasing transactions that are within the scope of AASB 117 'Leases', and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

AASB 119 'Employee Benefits' (2011) and AASB 2011-10 'Amendments to Australian Accounting Standards arising from AASB 119 (2011)'

AASB 119 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of AASB 119 and accelerate the recognition of past service costs.

All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

Application of AASB 119 Employee Benefits has not impacted on the financial statements for the year ended 30 June 2014.

(e) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ("IFRS").

(f) Income Tax

Current income tax refunded/(expensed) charged to profit or loss is tax refundable/(payable). Those amounts recognised are expected to be recovered from/(paid to) the relevant taxation authority.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither that accounting profit nor taxable profit or loss; and,
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all the deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and,

- in respect of deductible temporary differences with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax is reviewed at each balance sheet date and reduced to the extent that is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are not in the income statement.

(g) Exploration, evaluation and development expenditure

Exploration and evaluation expenditure on areas of interest are expensed as incurred. Costs of acquisition will normally be expensed but will be assessed on a case by case basis and may be capitalised to areas of interest and carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and evaluation activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated acquisition costs in respect of that area are written off in the financial period the decision is made. Each area of interest is also reviewed at the end of each accounting period and accumulated costs written off to the extent that they will not be recoverable in the future. Where projects have advanced to the stage that directors have made a decision to mine, they are classified as development properties. When further development expenditure is incurred in respect of a development property, such expenditure is carried forward as part of the cost of that development property only when substantial future economic benefits are established. Otherwise such expenditure is classified as part of the cost of production or written off where production has not commenced.

(h) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest

Interest revenue is recognised using the effective interest method.

(i) Cash and cash equivalents

Cash and short-term deposits in the consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(j) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with entitlements arising from

wages and salaries and annual leave which will be settled after one year, have measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated cash outflows to be made to those benefits.

Contributions are made by the Group to employee superannuation funds and are charged as expenses when incurred.

(k) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the assets as follows:

Plant and equipment – 3 to 7 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(l) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value; less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and it is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systemic basis over its remaining useful life.

(m) Earnings per share

Basic earnings per share is calculated as net loss attributable to members of the Company, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash Flows are included in the Consolidated Statement of Cash Flows net of GST. The GST components of cash flows arising from investing and financial activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(o) Investments

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment.

After initial recognition, investments, which are classified as held for trading and available-for-sale, are measured at fair value. Gains or losses on investments held for trading are recognised in the consolidated profit or loss.

Gains or losses on available-for-sale investments are recognised as a separate component of equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the profit or loss.

(p) Financial assets

Financial assets and financial liabilities are recognised in the Consolidated Statement of Financial Position when the Group becomes party to the contractual provisions of the financial instrument. A financial asset is derecognised when the contractual rights to the Consolidated Statement of Cash Flows from the financial assets expire or are transferred and no longer controlled by the entity. A financial liability is removed from the Consolidated Statement of Financial Position when the obligation specified in the contract is discharged or cancelled or expires.

Financial assets and financial liabilities classified as held for trading are measured at fair value through the profit or loss.

Upon initial recognition a financial asset or financial liability is designated as at fair value through the profit or loss when:

- (a) an entire contract containing one or more embedded derivatives is designated as a financial asset or financial liability at fair value through the profit or loss;
- (b) doing so results in more relevant information, because either:
 - (i) it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognizing gains or losses on them on different bases; or
 - (ii) a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to key management personnel.

Investments in equity instruments that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured are not designated as at fair value through the profit or loss.

A gain or loss arising from a change in the fair value of a financial asset or financial liability classified as at fair value through the profit or loss is recognised in the profit or loss.

Financial assets not measured at fair value comprise:

- (a) loans and receivables being non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are measured at amortised cost using the effective interest rate method;
- (b) held-to-maturity investments being non-derivative financial assets with fixed or determinable payments and fixed maturity that will be held to maturity. These are measured at amortised cost using the effective interest method; and
- (c) investments in equity instruments that do not have a quoted market price in an active market and the fair value of which cannot be reliably measured. These are measured at cost together with derivatives that are linked to and must be settled by the delivery of such investments.

Available-for-sale financial assets are non-derivative financial assets, which are designated as available-for-sale or that are not classified as loans and receivables, held-to-maturity investments or financial assets as at fair value through the profit and loss.

A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognised directly in equity, through the Consolidated Statement of Changes in Equity (except for impairment losses and foreign exchange gains or losses) until the financial asset is derecognised at which time the cumulative gain or loss previously recognised in equity is recognised in the profit or loss.

Regular way purchases of financial assets are accounted for as follows:

- financial assets held for trading – at trade date
- held-to-maturity investments – at trade date
- loans and receivables – at trade date
- available-for-sale financial assets – at trade date

Except for the following all financial liabilities are measured at amortised cost using the effective interest rate method:

- (a) financial liabilities at fair value through the profit and loss and derivatives that are liabilities measured at fair value;
- (b) financial liabilities that arise when a transfer of financial asset does not qualify for de-recognition or are accounted for using the continuing involvement approach.

The amortised cost of a financial asset or a financial liability is the amount initially recognised minus principal repayments, plus or minus cumulative amortisation of any difference between the initial amount and maturity amount and minus any write-down for impairment or un-collectability.

(q) Contributed equity

Ordinary shares and options are classified as contributed equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(r) Significant accounting estimates and judgements

The carrying amount of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Deferred taxation

The potential deferred tax asset arising from the tax losses and temporary differences have not been recognised as an asset because recovery of the tax losses is not yet considered probable (refer note 5).

Subsidiary Loans

Provision has been made for all unsecured loans with subsidiaries as it is uncertain if and when the loans will be recovered.

Capitalised exploration costs

The application of the Group's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely, either from future exploration or sale, or where activities have not reached a stage which permits reasonable assessment.

(s) Comparative information

Comparative information is amended where appropriate to ensure consistency in presentation with the current year.

3 REVENUE

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Other income		
Interest income	23,418	24,999
Reimbursed expenses	291,048	145,536
	314,466	170,535

4 EXPENSES

Administration expenses include the following expenses:

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Employee benefit expense		
Wages and salaries	225,850	220,000
Accrued annual leave	(27,500)	4,486
Employee share based payments	10,462	-
Defined contribution superannuation expense	20,892	19,800
	229,704	244,286

Other administration costs

Accounting fees	22,759	13,380
Research and Development consulting fees	62,500	75,000
Administrative fees	24,196	21,154
Company secretarial fees	34,500	36,000
Legal fees	16,267	7,581
Publications and subscriptions	44,108	32,485
Presentations and seminars	70,412	22,007
Share registry costs	22,845	17,083
Travel expenses	88,901	47,207
	386,488	271,897

5 INCOME TAX
(a) Prima facie income tax benefit at 30% on loss from ordinary activities is reconciled to the income tax provided in the financial statements

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Loss before income tax	(2,489,459)	(1,494,460)
Income tax calculated at 30%	(746,838)	(448,338)
Tax effect of:-		
Expenses not allowed	13	-
Sundry – temporary differences	1,209	11,581
Section 40-880 deduction	(47,435)	(35,478)
Research and Development rebate (i)	595,579	794,984
Future income tax benefit not brought to account	793,051	472,235
Income tax benefit attributable to operating losses	595,579	794,984

(i) The Research and Development rebate of \$595,579 is in relation to the year ended 30 June 2013 (2013: \$794,984 in relation to the year ended 30 June 2012).

(b) Deferred tax assets

The potential deferred tax asset arising from the tax losses and temporary differences have not been recognised as an asset because recovery of tax losses is not yet probable.

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Australian accumulated tax losses	1,950,116	1,157,065
Provisions - net of prepayments	18,973	32,569
Exploration and evaluation expenditure	(144,774)	(144,774)
Section 40-880 deduction	100,519	88,169
Unrecognised deferred tax assets relating to the above temporary differences	1,924,834	1,133,029

The benefits will only be obtained if:

(i) The Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the losses to be realised;

- (ii) The Group continues to comply with the conditions in deductibility imposed by the Law; and
- (iii) No change in tax legislation adversely affect the Group in realising the benefits from the deductions or the losses.

6 AUDITOR'S REMUNERATION

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Auditing and review of the Company's financial statements	23,336	20,851
	<u>23,336</u>	<u>20,851</u>

7 KEY MANAGEMENT PERSONNEL

(a) Details of key management personnel

Directors

John Prineas
Timothy Hronsky
Marcus Michael

Executive

John Prineas – Executive Chairman
Timothy Hronsky – Executive Director

(b) Compensation of key management personnel

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Salaries and fees	400,000	400,000
Non-monetary	8,547	9,380
Post employment benefits – superannuation	20,350	19,800
	<u>428,897</u>	<u>429,180</u>

(c) Other key management personnel transactions

Accounting, bookkeeping, corporate secretarial and general administrative service fees of \$81,522 (2013: \$70,534) were paid or payable on ordinary commercial terms during the year to Marshall Michael Pty Ltd, a company in which Mr Michael is a director and has a beneficial interest.

8 CURRENT ASSETS

(a) Trade and Other Receivables

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Current	101,091	76,688
	<u>101,091</u>	<u>76,688</u>

Other receivables include amounts outstanding for goods and services tax (GST) of \$100,376 (2013: \$75,350) and interest receivable of \$715 (2013: \$1,338). GST amounts are non-interest bearing and have repayment terms applicable under the relevant government authorities. No trade and other receivables are impaired or past due.

(b) Other Assets

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Prepayments	2,614	10,459
	<u>2,614</u>	<u>10,459</u>

9 PLANT AND EQUIPMENT

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Plant and Equipment		
At Cost	62,384	-
Accumulated depreciation	(11,697)	-
Total plant and equipment	<u>50,687</u>	<u>-</u>
Plant and Equipment		
Carrying amount at the beginning of the year	-	-
Additions	62,384	-
Disposals	-	-
Depreciation expense	(11,697)	-
Total carrying amount at end of year	<u>50,687</u>	<u>-</u>

10 EXPLORATION, EVALUATION AND ACQUISITION EXPENDITURE

The Group has capitalised acquisition expenditure on the basis that either the expenditure is expected to be recouped through future successful development (or alternatively sale) of the areas of interest concerned or on the basis that it is not yet possible to assess whether it will be recouped.

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Balance at the beginning of the year	482,581	342,571
Additions	-	140,010
	<u>482,581</u>	<u>482,581</u>

11 CURRENT LIABILITIES

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Trade and other payables	1,011,181	522,693
Provisions – employee entitlement	-	18,333
	<u>1,011,181</u>	<u>541,026</u>

12 ISSUED CAPITAL

Australian Dollar \$	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
(a) Issued and paid up capital		
At the beginning of the reporting period	7,439,139	5,920,439
October 2012: 3,500,000 shares were issued at \$0.21 per share	-	735,000
November 2012: 80,000 shares were issued at \$0.10 per share	-	8,000
November 2012: 33,000 options were exercised at \$0.20 per share	-	6,600
January 2013: 350,000 shares were issued at \$0.20 per share	-	70,000
May 2013: 5,000,000 shares were issued at \$0.16 per share	-	800,000
December 2013: 7,500,000 shares issued at \$0.11 per share	825,000	-
April 2014: 9,795,250 shares issued at \$0.12 per share	1,175,430	-
Transactions costs arising from issue of shares	(199,284)	(100,900)
At reporting date 89,276,250 (30 June 2013: 71,981,000) fully paid ordinary shares	9,240,285	7,439,139
Movements in Ordinary Shares	Number	Number
At the beginning of the reporting period	71,981,000	63,018,000
Shares issued during the year	17,295,250	8,930,000
Options exercised during the year	-	33,000
At reporting date	89,276,250	71,981,000
Movements in Performance Shares	Number	Number
At the beginning of the reporting period	100	100
Changes to performance shares issued during the year	-	-
At reporting date	100	100

There are 100 Performance Shares (convertible into a maximum of 10,000,000 Shares) on issue at 30 June 2014, having the terms and conditions set out below:

General terms attaching to the Performance Shares are set out below:

- Performance Shares: Each Performance Share is a share in the capital of the Company.
- General Meetings: The Performance Shares shall confer on the holder (Holder) the right to receive notices of general meetings and financial reports and accounts of the Company that are circulated to shareholders. Holders have the right to attend general meetings of shareholders of the Company.
- No Voting Rights: The Performance Shares do not entitle the Holder to vote on any resolutions proposed at a general meeting of shareholders of the Company, subject to any voting rights under the Corporations Act or the ASX Listing Rules where such rights cannot be excluded by these terms.
- No Dividend Rights: The Performance Shares do not entitle the Holder to any dividends.
- Rights on Winding Up: Upon winding up of the Company, the Performance Shares may participate in the surplus profits or assets of the Company only to the extent, and on the basis that each Performance Share has converted into one (1) Share.
- Transfer of Performance Shares: Prior to the Company being admitted to the Official List of the ASX, the Performance Shares are transferable. In the event the Company is admitted to the Official List of the ASX, the Performance Shares will no longer be transferable.

- (g) **Reorganisation of Capital:** In the event that the Company is admitted to the Official List of the ASX and the issued capital of the Company is subsequently reconstructed, all rights of a Holder will be changed to the extent necessary to comply with the ASX Listing Rules at the time of reorganisation.
- (h) **Application to ASX:** The Performance Shares will not be quoted on ASX. In the event that the Company is admitted to the Official List of the ASX, upon conversion of the Performance Shares into Shares in accordance with these terms, the Company must within seven (7) days after the conversion, apply for the official quotation on ASX of the Shares arising from the conversion.
- (i) **Participation in Entitlements and Bonus Issues:** Holders of Performance Shares will not be entitled to participate in new issues of capital offered to holders of the Shares such as bonus issues and entitlement issues.
- (j) **Amendments required by ASX:** The terms of the Performance Shares may be amended as necessary by the directors of the Company in order to comply with the ASX Listing Rules, or any directions of ASX regarding the terms.
- (k) **No Other Rights:** The Performance Shares give the Holders no rights other than those expressly provided by these terms and those provided at law where such rights at law cannot be excluded by these terms.

Conversion of the Performance Shares

- (a) **Conversion of Performance Shares:** Each Performance Share will convert into 100,000 Shares upon the first to occur of the following events (each a Milestone):
 - (i) a Company Project attains a measured JORC Code compliant inferred resource of at least 1,000,000 ounces of Gold;
 - (ii) a Company Project attains a measured JORC Code compliant inferred resource of at least 50,000 tonnes contained Nickel;
 - (iii) the market capitalisation of the Company is greater than \$50 million for a minimum of 30 consecutive trading days, based upon the volume weighted average price of Shares quoted on the ASX;
 - (iv) a Company Project (or any part of it) is sold for a value of at least \$25 million (in cash and/or assets of equivalent value); or
 - (v) a joint venture arrangement is entered into for a Company Project and payments of at least \$25 million (in cash and/or assets of equivalent value) are paid to Company as part of that arrangement. For these purposes, a "Company Project" means: "any project in which the Company has an ownership interest (or an option to acquire an ownership interest) as at the date the Company is admitted to the Official List of the ASX."
- (b) **Conversion if Milestone not Achieved:** If a Milestone is not achieved on or prior to the date which is 5 years after the date the Company is admitted to the Official List of the ASX being 12 November 2010 (Performance Share Expiry Date), then each Performance Share will automatically convert into one (1) Share.
- (c) **After Conversion:** The Shares issued on conversion of the Performance Shares will, as and from 5.00pm (WST) on the date of allotment, rank equally with and confer rights identical with all other Shares then on issue and application will be made by the Company to ASX for official quotation of the Shares issued upon conversion.

- (d) Conversion Procedure: The Company will issue the Holder with a new holding statement for the Shares as soon as practicable following the conversion of the Performance Shares into the Shares.
- (e) Ranking of Shares: The Shares into which the Performance Shares will convert will rank pari passu in all respects with the Shares on issue at the date of conversion. 55 Performance shares are held by entities associated with the Directors. The remaining Performance shares are held by foundation shareholders, whose interest in the Company at the date the performance shares were issued, being 16 November 2010 are as follows:

Foundation Shareholder	Shares	Performance Shares (i)
Impulzive Pty Ltd <Dawson Superannuation A/C>	6,962,491	30
St Barnabas Investments Pty Ltd <St Barnabas Superannuation Fund>	2,222,222	15

- (i) On satisfaction of certain milestones events set out above, each Performance Share converts into 100,000 shares in which case Impulzive Pty Ltd <Dawson Superannuation A/C> would become entitled to 3,000,000 further shares and St Barnabas Investments Pty Ltd <St Barnabas Superannuation Fund> 1,500,000 further shares.

(b) Option Reserve

Movements in options reserve

	CONSOLIDATED 30 JUNE 2014	CONSOLIDATED 30 JUNE 2013
	\$	\$
At the beginning of the year	413,335	412,835
Options issued during the year	-	500
Unlisted options (i), (ii), (iii)	74,327	-
At reporting date	487,662	413,335

- (i) On 29 November 2013 the Company issued 200,000 Class B Options and 300,000 Class C Options to Travis Kerslake. The Options were issued under the Company's Employee Incentive Option Plan.
- (ii) On the 19 March 2014 the Company issued 100,000 Class B Options and 100,000 Class C Options to Matthew McCarthy. The Options were issued under the Company's Employee Incentive Option Plan.
- (iii) On 28 April 2014 the Company entered into an Agreement with RM Corporate Finance ("RM Corporate") to issue 1 option, exercisable at \$0.30 on or before 30 June 2016, for every 10 Shares issued under the Company's Placement completed on 22 May 2014. Under the Agreement the Company issued 979,525 options to RM Corporate and its nominees on 22 July 2014. For accounts purposes the grant date was 28 April 2014 and vesting date was 22 May 2014 and therefore the value of the options have been included in the financial statements to 30 June 2014.

A summary of the outstanding options at 30 June 2014 in the Group is list below:

Class	Number of Options	Exercise Price	Expiry Date
Listed Options	48,508,000	\$0.20	28 November 2014
Unlisted Options (i)	979,525	\$0.30	30 June 2016
Class B Unlisted Options	750,000	\$0.25	28 November 2014
Class C Unlisted Options	1,000,000	\$0.40	28 November 2015

- (i) The Options value has been accounted for in the 30 June 2014 financial report at the deemed grant date being 28 April 2014, although they were issued on 22 July 2014.

13 ACCUMULATED LOSSES

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Accumulated losses at the beginning of the year	(6,945,616)	(5,451,156)
Loss for the year	(1,893,880)	(1,494,460)
Accumulated losses at the end of the year	(8,839,496)	(6,945,616)

14 LOSS PER SHARE

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Basic loss per share after income tax attributable to members of the Company (cents per share)	(2.45)	(2.25)
Diluted loss per share (cents per share)	(2.45)	(2.25)

	2014 Number	2013 Number
Weighted average number of shares on issue during the financial year used in the calculation of basic earnings per share	77,307,877	66,449,532
Weighted average number of ordinary shares for diluted earnings per share	77,307,877	66,449,532

15 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, net of outstanding bank overdrafts.

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Current – cash at bank	1,261,659	877,156
	1,261,659	877,156

(b) Reconciliation of loss after tax to net cash flows from operations

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Loss after income tax	<u>(1,893,880)</u>	<u>(1,494,460)</u>
Share based payments	10,462	8,000
Depreciation expense	11,697	-
(Increase)/decrease in assets		
Trade and other receivables	(24,403)	(73,140)
Prepayments	7,846	(10,459)
Increase/(decrease) in liabilities		
Trade and other payables	441,781	305,118
Provisions	<u>(18,333)</u>	<u>4,487</u>
	<u>(1,464,830)</u>	<u>(1,260,454)</u>

(c) Non cash financing and investing activities

- (i) On 28 April 2014 the Company entered into an Agreement with RM Corporate Finance ("RM Corporate") to issue 1 option, exercisable at \$0.30 on or before 30 June 2016, for every 10 Shares issued under the Company's Placement completed on 22 May 2014. Under the Agreement the Company issued 979,525 options to RM Corporate and its nominees on 22 July 2014.

16 SHARE BASED PAYMENTS

- (i) On 2 November 2012 500,000 options exercisable at \$0.20 on or before 28 November 2014 were issued for \$0.001 per option. The options were issued as part of the consideration due under an Agreement with Geotech International Pty Ltd ("Geotech") whereby Geotech will provide advisory services in relation to the Lake Minigwal Project.
- (ii) On 2 November 2012 80,000 ordinary shares issued at \$0.10 per share were issued as part consideration due under the Deed of Termination of Royalty dated 26 October 2012.
- (iii) On 10 January 2013 350,000 ordinary shares issued at \$0.20 per share were issued to White Cliff Minerals Limited ("White Cliff") as part consideration under the Letter of Agreement dated 10 January 2013.

Total consideration payable to St George to White Cliff under the Letter of Agreement comprises of 350,000 ordinary shares and \$70,000 cash.

- (iv) As outlined on the Solicitors Report on Tenements contained in the IPO Prospectus, the Company agreed to issue 800,000 Options as part consideration for the acquisition of an 80% interest in the Pine Creek Property. The Options were issued on 8 September 2011.
- (v) The Company agreed and approved at the Company's Annual General Meeting to allot and issue a total of 1,500,000 Options (Related Party Options) to Mr Timothy Hronsky and Mr Andrew Hawker. The terms and conditions of the options are detailed in the Notice of Annual General Meeting dated 26 October 2011. 450,000 Class A Options expired, unexercised, on 29 November 2013. Using the Black & Scholes option model and based on the assumption below, the Class B and C Options were ascribed the following value:

Class of Options	Number Options	Valuation Date	Market Price of Shares	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility (discount)	Indicative Value per Option
Class B Options	450,000	30.11.2011	\$0.145	\$0.25	28.11.2014	3.650%	70%	\$0.03928
Class C Options	600,000	30.11.2011	\$0.145	\$0.40	28.11.2015	3.800%	70%	\$0.03596

Of the above options granted, the following were issued to Mr Timothy Hronsky (key management personnel):

Grant Date	Class	Number
30 November 2011	Class B Unlisted Options	300,000
30 November 2011	Class C Unlisted Options	400,000

- (vi) The Company agreed to allot and issue a total of 500,000 Options to Mr Travis Kerslake. The terms and conditions of the options are detailed in the ASX announcement dated 29 November 2013. Using the Black & Scholes option model and based on the assumption below, the Class B and C Options were ascribed the following value:

Class of Options	Number Options	Valuation Date	Market Price of Shares	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility (discount)	Indicative Value per Option
Class B Options	200,000	29.11.2013	\$0.140	\$0.25	28.11.2014	2.560%	80%	\$0.0204
Class C Options	300,000	29.11.2013	\$0.140	\$0.40	28.11.2015	2.560%	80%	\$0.0246

- (vii) The Company agreed to allot and issue a total of 200,000 Options to Mr Matthew McCarthy. The terms and conditions of the options are detailed in the ASX announcement dated 29 November 2013. Using the Black & Scholes option model and based on the assumption below, the Class B and C Options were ascribed the following value:

Class of Options	Number Options	Valuation Date	Market Price of Shares	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility (discount)	Indicative Value per Option
Class B Options	100,000	18.02.2014	\$0.120	\$0.25	28.11.2014	3.010%	109%	\$0.0205
Class C Options	100,000	18.02.2014	\$0.120	\$0.40	28.11.2015	3.010%	109%	\$0.0324

- (viii) On 28 April 2014 the Company agreed to allot and issue a total of 979,525 unlisted options to RM Corporate and its nominees. The unlisted options are exercisable at \$0.30 on or before 30 June 2016. Using the Black & Scholes option model and based on the assumption below, the unlisted options were ascribed the following value:

Class of Options	Number Options	Valuation Date	Market Price of Shares	Exercise Price	Expiry Date	Risk Free Interest Rate	Volatility (discount)	Indicative Value per Option
Unlisted Options	979,525	28.04.2014	\$0.140	\$0.30	30.06.2016	2.920%	116%	\$0.0652

(ix) A summary of the movements of all the Company options issued is as follows:

	Number	Weighted Average Exercise Price \$
Options outstanding as at 1 July 2012	2,300,000	0.262
Granted	500,000	0.200
Forfeited	-	-
Exercised	-	-
Expired	-	-
Options outstanding as at 1 July 2013	2,800,000	0.250
Granted	1,679,525	0.315
Forfeited	-	-
Exercised	-	-
Expired	(450,000)	-
Options outstanding as at 30 June 2014	4,029,525	0.283
Options exercisable as at 30 June 2014	1,300,000	-
Options exercisable as at 30 June 2013	1,300,000	-

The weighted average remaining contractual life of options outstanding at the year-end was 1.05 years (2013: 1.47 years). The weighted average exercise price of outstanding shares at the end of the report period was \$0.283 (2013: \$0.250).

17 COMMITMENTS AND CONTINGENCIES

(a) Commitment

Mineral exploration commitments

The Group has the following discretionary exploration expenditure requirements in connection with its exploration tenements.

	2014 \$	2013 \$
Not later than one year	732,125	1,131,180
Later than one year but not later than two years	678,625	428,428
	1,410,750	1,559,608

(b) Contingent liabilities and commitments

The Group fully owns two subsidiaries, Desert Fox Resources Pty Ltd and Blue Thunder Resources Pty Ltd, the main activities of which are exploration. The effect of these subsidiaries is to make the St George Mining owned subsidiaries contractually responsible for any transactions undertaken by the subsidiary. The parent entity has provided certain guarantees to third parties whereby certain liabilities of the subsidiary are guaranteed. The Group has not made guarantees to third parties at 30 June 2014.

	CONSOLIDATED 30 JUNE 2014 \$	CONSOLIDATED 30 JUNE 2013 \$
Options fee/tenement acquisition costs (i)	-	560,000
	-	560,000

- (i) On 23 June 2010, the Company entered into an option agreement with Geotech International and Mr James Stewart (together, the Vendors) pursuant to which the Company has been granted by the Vendors the option to acquire an 80% interest in NT Tenement EL27732.

On 30 June 2014 the Company entered into a Deed of Surrender and Release 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.

18 EVENTS SUBSEQUENT TO BALANCE DATE

On 22 July 2014 the Company issued 3,050,001 fully paid ordinary shares at \$0.12 per share pursuant to a placement to key services contractors of the Company, as well as one sophisticated investor.

On 22 July 2014 the Company issued 979,525 unlisted options exercisable \$0.30 on or before 30 June 2016 pursuant to the Agreement dated 28 April 2014. The Options were issued as consideration for brokerage services provided in respect to the capital raising completed on 22 May 2014. The options were vested at the date the capital was raised, and hence have been included in the accounts at 30 June 2014.

Except for the above no matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

19 FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Group's exposure to interest rate risk, which is the risk that the financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and financial liabilities, is as follows:

2014	Note	Floating interest rate	Fixed interest rate	Non- interest bearing	Total	Weighted average interest rate
		\$	\$	\$	\$	%
Financial assets						
Cash and cash equivalents	15(a)	737,871	-	523,788	1,261,659	2.54%
Trade and other receivables	8(a)	-	-	101,091	101,091	NIL
Security bond		-	-	1,000	1,000	-
		737,871	-	625,879	1,363,750	-
Financial liabilities						
Trade and other payables	11	-	-	1,011,181	1,011,181	NIL
		-	-	1,011,181	1,011,181	-

2013	Note	Floating interest rate	Fixed interest rate	Non- interest bearing	Total	Weighted average interest rate
		\$	\$	\$	\$	%
Financial assets						
Cash and cash equivalents	15(a)	853,407	-	23,749	877,156	3.54%
Trade and other receivables	8(a)	-	-	76,688	76,688	Nil
Security Bond		-	-	1,000	1,000	-
		853,407	-	101,437	954,844	
Financial liabilities						
Trade and other payables	11	-	-	522,693	522,693	Nil
		-	-	522,693	522,693	

Based on the balances at 30 June 2014 a 1% movement in interest rates would increase/decrease the loss for the year before taxation by \$7,378 (2013: \$8,534).

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount of those assets, net of any allowance for doubtful debts, as disclosed in the statement of financial position and notes to the financial report.

The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the Group.

(c) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their respective net fair value and is determined in accordance with the accounting policies disclosed in note 2 to the financial statements.

(d) Financial Risk Management

The Group's financial instruments consist mainly of deposits with recognised banks, investment in bank bills up to 90 days, accounts receivable and accounts payable. Liquidity is managed, when sufficient funds are available, by holding sufficient funds in a current account to service current obligations and surplus funds invested in bank bills. The directors analyse interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The main risks the Group is exposed to is through its financial instruments is the depository banking institution itself, holding the funds, and interest rates. The Group's credit risk is minimal as being an exploration Company, it has no significant financial assets other than cash and term deposits.

(e) Foreign Currency Risk

The Group is not exposed to any foreign currency risk as at 30 June 2014.

(f) Market Price Risk

The Group is not exposed to market price risk as it does not have any investments other than an interest in the subsidiaries.

20 RELATED PARTIES

The Group has no related parties other than the 100% owned subsidiaries disclosed in note 23. At 30 June 2014 balances due from the subsidiaries were:

Australian Dollar (\$)	30 JUNE 2014	30 JUNE 2013
	\$	\$
Blue Thunder Resources Pty Ltd	1,118,334	1,110,017
Desert Fox Resources Pty Ltd	7,884,959	5,862,412
	<u>9,003,293</u>	<u>6,972,429</u>

These amounts comprise of funds provided by the parent company for exploration activities.

21 SEGMENT REPORTING

For management purposes, the Group is organised into one main operating segment, which involves the exploration of minerals in Australia. All of the Group's activities are interrelated, and discrete financial information is reported to the Board as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment.

The financial results from this segment are equivalent to the financial statements of the Group as a whole.

The accounting policies applied for internal reporting purposes are consistent with those applied in the preparation of these financial statements.

22 JOINT VENTURES

The Group recognises that joint ventures are a key mechanism for sharing of risk on individual exploration projects. Where appropriate for a particular project, the Group will consider a joint venture with a suitable party in order to share the exploration risk. Those funds otherwise set aside for the project will be employed to advance another project.

Pine Creek Property: The Group, through its wholly owned subsidiary, Blue Thunder Resources Pty Ltd, entered into an Option Agreement with James Ian Stewart and Geotech International Pty Ltd (jointly, the "Vendor") whereby the Group acquired an option to purchase an 80% interest in the tenement application EL27732 which has been made by the Vendor.

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.

Project Dragon: St George Mining, through its wholly own subsidiary Desert Fox Resources Pty Ltd, entered into a Farm-in Agreement with BHP Billiton Nickel West Pty ("BHP Billiton") in regard to the nickel rights at certain of the tenements at the East Laverton Property.

On 3 October 2013 the Company received notice from BHP Billiton of its withdrawal from the Farmin Agreement for Project Dragon. As a result of this withdrawal:

- St George Mining retains 100% of the Farmin Tenements;
- BHP Billiton have made a cash payment to St George Mining to satisfy its obligation under the Farmin Agreement to maintain the Farmin Tenements in good standing; and

- The Farmin Agreement was terminated and the parties have been released from all liabilities and obligations to the other arising from the Farmin Agreement.

23 SUBSIDIARIES

The parent entity, St George Mining Limited, has 100% interest in Desert Fox Resources Pty Ltd and Blue Thunder Resources Pty Ltd. St George Mining is required to make all the financial and operating policy decisions of these subsidiaries.

Subsidiaries of St George Mining Limited	Country of incorporation	Percentage owned %	
		2014	2013
Desert Fox Resources Pty Ltd	Australia	100%	100%
Blue Thunder Resources Pty Ltd	Australia	100%	100%

24 PARENT COMPANY DISCLOSURE

(a) Financial Position for the year ended 30 June 2014

Australian Dollar (\$)	30 JUNE 2014 \$	30 JUNE 2013 \$
Assets		
Current assets	1,365,361	964,300
Non-current assets	50,689	-
Total assets	1,416,050	964,300
Liabilities		
Current liabilities	1,011,180	541,023
Non-current liabilities	-	-
Total liabilities	1,011,180	541,023
Net assets	404,870	423,277
Equity		
Issued capital	9,240,285	7,439,139
Reserves	487,662	413,335
Accumulated losses	(9,323,077)	(7,429,197)
Total equity	404,870	423,277

(b) Financial Performance for the year ended 30 June 2014

Australian Dollar \$	30 JUNE 2014 \$	30 JUNE 2013 \$
Profit (loss) for the year	(1,893,880)	(1,634,471)
Other comprehensive income	-	-
Total comprehensive income (loss)	(1,893,880)	(1,634,471)

(c) Guarantees entered into by the Parent Entity

	30 JUNE 2014 \$	30 JUNE 2013 \$
Option fee/tenement acquisition costs	-	560,000
	-	560,000

The parent entity has not provided guarantees to third parties as at 30 June 2014. During the year end 30 June 2013 the parent entity provided guarantees to third parties in relation to the option agreement with Geotech International and Mr James Stewart in the prior year. Further details regarding this transaction can be found at note 17(b).

25 NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

A number of new standards, amendments to standards and interpretations issued by the AASB which are not yet mandatorily applicable to the Group have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- *AASB 9 Financial Instruments* and associated Amending Standards (applicable for annual reporting period commencing 1 January 2017)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9, financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. The 2010 revisions introduce additional changes relating to financial liabilities.

The Standard will be applicable retrospectively (subject to the comment on hedge accounting below) and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Key changes made to this standard that may affect the Group on initial application include certain simplifications to the classification of financial assets, simplifications to the accounting of embedded derivatives, and the irrevocable election to recognise gains and losses on investments in equity instruments that are not held for trading in other comprehensive income.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Group's financial instruments, it is impractical at this stage to provide a reasonable estimate of such impact.

- *Other standards not yet applicable*

These standards are not expected to have a material impact on the entity in the current or future reporting periods.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 1031 'Materiality' (2013)	1 January 2017	30 June 2018
AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'	1 January 2014	30 June 2015
AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'	1 January 2014	30 June 2015

AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014	30 June 2015
AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities	1 January 2014	30 June 2015
AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'	1 January 2014	30 June 2015

In the opinion of the Directors of St George Mining Limited ("the Company")

- (a) The financial statements and the notes and the additional disclosures included in the directors' report designated as audited of the Group are in accordance with the Corporations Act 2001, including:
 - (i) Giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended that date; and
 - (ii) Complying with Accounting Standards and Corporations Regulations 2001, and:
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) The financial statements and notes comply with International Financial Reporting Standards as disclosed in note 2.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2014.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the Board



John Prineas
Executive Chairman

Dated 20 August 2014
Perth, Western Australia

20 August 2014

Board of Directors
ST George Mining Limited
Level 1
115 Cambridge Street
WEST LEEDERVILLE WA 6007

Dear Directors

RE: ST GEORGE MINING LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of St George Mining Limited.

As Audit Director for the audit of the financial statements of St George Mining Limited for the year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)



J P Van Dieren
Director

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
ST GEORGE MINING LIMITED**

Report on the Financial Report

We have audited the accompanying financial report of St George Mining Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

- (a) the financial report of St George Mining Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

Inherent Material Uncertainty Regarding Going Concern

Without qualification to the opinion expressed above, attention is drawn to the following matter:

As referred to in Note 2(a) to the financial statements, the financial statements have been prepared on the going concern basis. The consolidated entity comprising the Company and its subsidiaries has incurred a loss of \$1,893,880 for the year ended 30 June 2014 and had a net operating cash outflows of \$1,464,830 for the year ended 30 June 2014. The working capital as at 30 June 2014 is \$354,183. The ability of the consolidated entity to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the consolidated entity raising further working capital and/or successfully exploiting its mineral assets. In the event that the consolidated entity is not successful in raising further equity or successfully exploiting its mineral assets, the consolidated entity may not be able to meet its liabilities as and when they fall due and the realisable value of the consolidated entity's current and non-current assets may be significantly less than book values.

Report on the Remuneration Report

We have audited the remuneration report included in pages 15 to 20 of the directors' report for the year ended 30 June 2014. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards

Auditor's Opinion

In our opinion the remuneration report of St George Mining Limited for the year ended 30 June 2014 complies with section 300A of the Corporations Act 2001.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International audit and consulting 15/8/14

John P Van Dieren
Director

West Perth, Western Australia
20 August 2014

This Corporate Governance Statement sets out the Company's current compliance with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (**Principles and Recommendations**). The Principles and Recommendations are not mandatory. However, the Company will be required to provide a statement in its future annual reports disclosing the extent to which the Company has followed the Principles and Recommendations.

The Board of the Company currently has in place a Corporate Governance Plan which has been posted in a dedicated corporate governance information section of the Company's website at www.stgeorgemining.com.au.

PRINCIPLES AND RECOMMENDATIONS

1. Lay solid foundations for management and oversight

- 1.1 Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions. Compliant: Yes.

The Directors monitor the business affairs of the Company on behalf of Shareholders and have adopted a Corporate Governance Plan which is designed to encourage Directors to focus their attention on accountability, risk management and ethical conduct. The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board.

The Company's Corporate Governance Plan is available on the Company's website at www.stgeorgemining.com.au.

- 1.2 Companies should disclose the process for evaluating the performance of senior executives. Compliant: Yes.

Due to the Company's stage of development, it does not yet have any senior executives apart from the Board. However, if the Company appoints senior executives in the future, the Board will monitor the performance of those senior executives including measuring actual performance of senior executives against planned performance.

The Board has adopted a policy to assist in evaluating the performance of senior executives, which is contained in Schedule 6 of its Corporate Governance Plan (Disclosure - Performance Evaluation).

Given the current size and structure of the Board, the Board has not established a separate nomination committee to oversee the performance evaluation of the senior executives.

Until a nomination committee is established, the Board will undertake the obligations of the nomination committee in connection with evaluating the performance of senior executives in accordance with Schedule 6 of its Corporate Governance Plan.

- 1.3 Companies should provide the information indicated in the Guide to reporting on Principle 1. Compliant: Yes.

The Company will explain any departures from Principles and Recommendations 1.1 and 1.2 (if any) in its future annual reports, including whether a performance evaluation for senior executives (if any exist at that time) has taken place in the reporting period and whether it was in accordance with the process disclosed.

The Company has not undertaken any performance evaluation of any senior executive in the last reporting period.

The Company has adopted a Board Charter, which discloses the specific responsibilities of the Board and provides that the Board may delegate responsibility for the day-to-day operations and administration of the Company to the chief executive officer/ managing director (if appointed).

The Board Charter is contained in Schedule 1 of the Company's Corporate Governance Plan and the Nomination Committee Charter is contained in Schedule 5 of the Company's Corporate Governance Plan.

2. Structure the Board to add value

2.1 A majority of the Board should be independent directors. Compliant: No

Currently the Company has no independent Directors.

The Company's Corporate Governance Plan outlines that the majority of the Board will be comprised of non-executive directors, and where practical, at least 50% of the Board will be independent. However, the Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to justify the expense of an appointment of a majority of independent directors. The current Board structure presently consists of an executive chairman, an executive director and one non-executive director.

The Board believes that each of the Directors can make, and do make, quality and independent judgements in the best interests of the Company. Any Director who has a conflict of interest in relation to a particular item of business must declare their conflict and abstain from voting or participating in Board deliberations to which a conflict of interest relates.

2.2 The chair should be an independent director. Compliant: No.

Mr John Prineas is the Executive Chairman and is not an Independent Director.

The Company's Corporate Governance Plan provides that the Chairman, where practical, should be a non-executive Director.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity, to require an independent Chairman. This will be reviewed as the Company develops.

2.3 The roles of chair and chief executive officer should not be exercised by the same individual. Compliant: No.

The Company has not appointed a chief executive officer. The Executive Chairman is Mr John Prineas. The Company intends to seek out and appoint a chief executive officer, separate from the role of chairman, in the future. However, due to the current limited size of the Company's operations it may not be appropriate to appoint a separate chief executive officer for some time.

The Company's Corporate Governance Plan provides, where practical, that the chief executive officer should not be the Chairman of the Company during his term as chief executive officer or in the future.

2.4 The Board should establish a nomination committee. Compliant: No.

Given that the Company is in its early stages of development and given the current size and structure of the Board, the Board has not established a separate nomination committee.

Matters typically dealt with by such a committee are dealt with by the Board. The Board may also seek independent advice to assist with the identification process.

- 2.5 Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors. Compliant: No.

The Company will put a formal process in place as and when the Company's level of operations justifies it. Currently, the Board undertakes the obligations of the nomination committee in connection with evaluating the performance of the Board, its committees and individual directors, and will continue to do so until a nomination committee is established.

- 2.6 Companies should provide the information indicated in the Guide to reporting on Principle 2. Compliant: Yes

A description of the skills and experience of each of the current Directors is included on the Company's website at www.stgeorgemining.com.au.

Given that the Company is in its early stages of development and given the current size and structure of the Board, the Company has not fully complied with Principle 2 of ASX Corporate Governance Council Principles and Recommendations. However, it will seek to do so as it develops and the Board grows.

The Board Charter includes a statement that the Board may seek independent professional advice at the Company's expense.

The Board has not established a nomination committee and its functions are carried out by the Board.

The Company will provide details of any new director, such as their skills, experience and expertise relevant to their position, together with an explanation of any departures from Corporate Governance Principles and Recommendations 2.1, 2.2, 2.3, 2.4 and 2.5 in its future annual reports.

3. Promote ethical and responsible decision-making

- 3.1 Companies should establish a code of conduct and disclose the code or a summary of the code as to:
- the practices necessary to maintain confidence in the company's integrity;
 - the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and,
 - the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Compliant: Yes

The Company's Code of Conduct, which is included in Schedule 2 of the Company's Corporate Governance Plan, aims to encourage the appropriate standards of conduct and behaviour of the directors, officers and employees of the Company.

- 3.2 Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measureable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

Compliant: Yes

The Company's Diversity Policy, which is included in Schedule 10 of the Company's Corporate Governance Plan, recognises the benefits arising from employee and Board diversity, including a broader pool of high quality employees, improving employee retention, accessing different perspectives and ideas and benefiting from all available talent. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background.

The Board is responsible for developing measurable objectives and strategies to meet the Objectives of the Diversity Policy (Measureable Objectives) and monitoring the progress of the Measureable Objectives through monitoring, evaluation and reporting mechanisms listed below.

The Board may also set Measurable Objectives for achieving gender diversity and monitor their achievement.

The Board will conduct all Board appointment processes in a manner that promotes gender diversity, including establishing a structured approach for identifying a pool of candidates, using external experts where necessary.

Due to the small scale of the Company's operations and the limited number of employees, the Company has not yet set Measurable Objectives for achieving gender diversity. The Company will consider establishing measurable objectives as it develops.

- 3.3 Companies should disclose in each annual report the measureable objectives for achieving set by the Board in accordance with the diversity policy and progress in achieving them. Compliant: No

Due to the small scale of the Company's operations and the limited number of employees, the Company has not yet set measurable objectives for achieving gender diversity. The Company will consider establishing measurable objectives as it develops.

- 3.4 Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board. Compliant: Yes

	2014	Percentage
Women on the Board	-	0%
Women in Senior Management Roles	1	20%
Women Employees	2	27%

- 3.5 Companies should provide the information indicated in the Guide to reporting on Principle 3. Compliant: Yes.

The Board will include in the Annual Report each year:

- measurable objectives (if any) set by the Board;
- progress against the objectives; and,
- the proportion of women employees in the whole organisation at senior management and at Board level.

The Company will explain any departures from Corporate Governance Principles and Recommendations 3.1, 3.2, 3.3 and 3.4 in the Corporate Governance Statement and its future annual reports.

4. Safeguard integrity in financial reporting

- 4.1 The Board should establish an audit committee. Compliant: No.

A formal Audit and Risk Committee Charter has been adopted by the Company, which is contained in Schedule 3 of the Company's Corporate Governance Plan.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The Board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards. In particular, the full Board considers those matters that would usually be the responsibility of an audit committee and a nomination committee. The Board

considers that, at this stage, no efficiencies or other benefits would be gained by establishing a separate audit committee or a separate nomination committee.

4.2 The audit committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent chair, who is not chair of the Board; and,
- has at least three members.

Compliant: No

Refer to 4.1 above.

4.3 The audit committee should have a formal charter. Compliant: Yes

A formal Audit and Risk Committee Charter has been adopted by the Company, which is contained in Schedule 3 of the Company's Corporate Governance Plan.

4.4 Companies should provide the information indicated in the Guide to reporting on Principle 4. Compliant: Yes.

The Company does not have an audit committee. The Board carries out the duties of the audit committee.

The Company will explain any departures from the Corporate Governance Principles and Recommendations 4.1, 4.2 and 4.3 (if any) in its future annual reports.

5. Make timely and balanced disclosure

5.1 Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies. Compliant: Yes

The Company's Continuous Disclosure Policy, which is contained in Schedule 7 of the Company's Corporate Governance Plan, is designed to ensure the compliance with ASX Listing Rule disclosure and to ensure accountability at a senior executive level for compliance and factual presentation of the Company's financial position.

The Company Secretary has been nominated as the person responsible for communications with the ASX. This role includes responsibility for ensuring compliance with the continuous disclosure requirements in the ASX Listing Rules and overseeing and co-ordinating information disclosure to the ASX, analysts, brokers, shareholders, the media and the public.

5.2 Companies should provide the information indicated in Guide to Reporting on Principle 5. Compliant: Yes

The Company will provide an explanation of any departures from Corporate Governance Principle and Recommendation 5.1 in its future annual reports.

6. Respect the rights of shareholders

- 6.1 Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy. Compliant: Yes

The Company has adopted a Shareholder Communications Strategy, contained in Schedule 11 of the Company's Corporate Governance Plan, which aims to ensure that the shareholders of the Company are informed of all major developments affecting the Company's state of affairs.

The strategy provides that information will be communicated to shareholders through:

- a) the Annual Report delivered by post or email (on request) which is also placed on the Company's website;
- b) the half yearly report which is placed on the Company's website;
- c) the quarterly reports which are placed on the Company's website;
- d) disclosures and announcements made to the ASX copies of which are placed on the Company's website;
- e) notices and explanatory memoranda of Annual General Meetings (AGM) and Extraordinary General Meetings (EGM), copies of which are placed on the Company's website;
- f) the Chairman's address and the Managing Director's address made at the AGMs and the EGMs, copies of which are placed on the Company's website;
- g) the Company's website on which the Company posts all announcements which it makes to the ASX; and,
- h) the auditor's lead engagement partner being present at the AGM to answer questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

- 6.2 Companies should provide the information indicated in the Guide to reporting on Principle 6. Compliant: Yes

The Company will provide an explanation of any departures from Corporate Governance Principle and Recommendation 6.1 (if any) in its future annual reports.

7. Recognise and manage risk

- 7.1 Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies. Compliant: Yes and No

Given that the Company is in its early stages of development, and given the current size and structure of the Board, the Board has not established a separate audit and risk committee. However the Audit and Risk Committee Charter contained in the Company's Corporate Governance Plan sets out the Company's policies for the oversight and management of material business risks.

The Board will carry out the duties of the audit committee in accordance with the formal terms of reference set out in the Company's Corporate Governance Plan.

The Board will carry out the duties of the audit and risk committee. The Board is responsible for determining the Company's "risk profile" and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.

- 7.2 The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks. Compliant: Yes

The Board's collective experience will enable accurate identification of the principal risks that may affect the Company's business in addition to those identified by the Audit and Risk Committee (once established). Key operational risks and their management will be recurring items for deliberation at Board Meetings.

- 7.3 The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks. Compliant: Yes.

The Board will seek the relevant assurance from the chief executive officer and chief financial officer (or their equivalents) at the relevant time.

- 7.4 Companies should provide the information indicated in Guide to Reporting on Principle 7. Compliant: Yes

The Company will provide an explanation of any departures from Corporate Governance Principles and Recommendations 7.1, 7.2 and 7.3 (if any) in its future annual reports.

8. Remunerate fairly and responsibly

- 8.1 The Board should establish a remuneration committee. Compliant: No

A formal Remuneration Committee Charter has been adopted by the Company, which is contained in Schedule 4 of the Company's Corporate Governance Plan. However, given that the Company is in its early stages of development and given the current size and structure of the Board, the Board has not established a separate remuneration committee.

This will be reviewed as the Company's circumstances change.

Until a Remuneration Committee is established, the Board will carry out the duties of the Remuneration Committee in accordance with the formal terms of reference of the Remuneration set out in the Company's Corporate Governance Plan.

- 8.2 The remuneration committee should be structured so that it:

- consists of a majority of independent directors;
- is chaired by an independent director; and,
- has at least three members.

Compliant: No

Refer to 8.1 above.

- 8.3 Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives. Compliant: Yes and No

Executive Directors remuneration packages may comprise of:

- fixed salary;
- performance based bonuses;
- participation in any share/option scheme; and,
- statutory superannuation.

Independent non-executive directors receive fixed directors fees only, and do not participate in any performance-based remuneration. Fixed director's fees may be paid in the form of cash, share options or a combination of both. Share options are issued on similar terms to previous issues by the entity and are considered to be in lieu of cash, not based on performance of the entity.

Full remuneration disclosure, including superannuation entitlements has been included in the Director's Report and will be provided by the Company in its future annual reports.

- 8.4 Companies should provide the information indicated in the Guide to reporting on Principle 8. Compliant: Yes.

The Company will provide an explanation of any departures from Corporate Governance Principles and Recommendations 8.1, 8.2 and 8.3 (if any) in its future annual reports.

1 Distribution of holders

As at 20 August 2014 the distribution of shareholders was as follows:

Ordinary shares

Size of holding	Number of holders
1 – 1,000	29
1,001 – 5,000	65
5,001 – 10,000	101
10,001 – 100,000	404
100,001 and over	125
Total	724

2 Voting rights

There are no restrictions to voting rights attached to the ordinary shares. On a show of hands every member present in person will have one vote and upon a poll, every member present or by proxy will have one vote each share held.

3 Substantial shareholders

The names of the substantial shareholders who have notified the Company in accordance with Section 671B of the Corporation Act 2001 are;

Shareholder	Shares held	Percentage interest %
John Prineas	10,214,221	14.19
Impulzive Pty Ltd <Dawson Superannuation Fund>	8,354,990	13.26
Oceanic Capital Pty Ltd	7,456,949	11.84

4 Top 20 shareholders

The names of the 20 largest shareholders on the share register as at 20 August 2014, who hold 53.62% of the ordinary shares of the Company, were as follows;

Shareholder	Number
John Prineas	8,355,021
Impulzive Pty Ltd <Dawson Superannuation A/C>	8,354,990
Oceanic Capital Pty Ltd	7,565,139
Impulzive Pty Ltd <Dawson Super Fund A/C>	2,854,168
St Barnabas Investments Pty Ltd <St Barnabas Super Fund A/C>	2,759,823
Yarandi Investments Pty Ltd <Griffith Family No 2 A/C>	2,325,000
AWD Consultants Pty Ltd <Stevens Super Fund A/C>	2,200,000
UBS Wealth Management Australia Nominees Pty Ltd	1,700,000
Black Prince Pty Ltd <Black Prince Super Fund A/C>	1,600,000
Riverfront Nominees Pty Ltd <MCM Family A/C>	1,453,334
Mr Brendan James Warner	1,410,000
Osiris Capital Investments Pty Ltd	1,333,334
Dixtru Pty Limited	1,222,727
Mr Timothy Matthew Shaun Hronsky	1,062,500
Mr Paul Lee	1,000,000
Mr Paul Sumade Lee	937,500
Mr Christopher Bell + Mrs Jennifer Bell <C & J Bell Super Fund	929,023

A/C>

DMG & Partners Securities PTE Ltd <Clients A/C>	879,000
DDH1 Drilling Pty Ltd	833,334
Mr John Prineas	744,000

5 Top 20 option holders

The names of the 20 largest option holders on the share register as at 20 August 2014, who hold 60.36% of the listed options of the Company, were as follows;

Shareholder	Number
John Prineas	6,226,267
Impulzive Pty Ltd <Dawson Superannuation A/C>	6,226,244
Oceanic Capital Pty Ltd	3,534,325
Yarandi Investments Pty Ltd <Griffith Family No 2 A/C>	1,762,500
Mr Ivada Partington	1,483,021
Riverfront Nominees Pty Ltd <MCM Family A/C>	1,090,003
Osiris Capital Investments Pty Ltd	1,000,003
AWD Consultants Pty Ltd	1,000,000
Mersound Pty Ltd	880,000
M & K Korkidas Pty Ltd <M&K Korkidas P/L S/Fund A/C>	855,700
Mr Charles Prineas	612,500
Black Prince Pty Ltd <Black Prince Super Fund A/C>	600,000
Mr Timothy Matthew Shaun Hronsky	531,250
Zeus Private Equity Pty Ltd	515,000
St Barnabas Investments Pty Ltd <St Barnabas Super Fund A/C>	503,934
Clariden Capital Limited	500,000
Petard Pty Ltd	500,000
Mr John Prineas	483,000
Geotech International Pty Ltd <Paul Askins Super Fund A/C>	455,000
Mr Siobhan Kathleen Hotz	440,534

6 Consistency with business objectives

The Company has used its cash and assets in a form readily convertible to cash that it had at the time of listing in a way the consistent with its stated objectives.

St George Mining Limited mineral interest as at 20 August 2014

TENEMENT SCHEDULE – EAST LAVERTON PROPERTY

Tenement ID	Registered Holder	Location	Equity
E39/0981	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/0982	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/0985	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1064	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1066	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1229	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1461	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1472	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1473	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1474	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1475	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1476	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1467	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1492	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1518	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1519	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1520	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1521	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1549	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1565	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1572	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1601	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1608	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1666	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1667	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1722	Desert Fox Resources Pty Ltd	East Laverton Property	100%
E39/1779	Desert Fox Resources Pty Ltd	East Laverton Property	100%

Notes:

1. All tenements are in Western Australia.
2. E = Exploration Licence

TENEMENT SCHEDULE – LAKE MINIGWAL PROPERTY

Tenement ID	Registered Holder	Location	Equity
E39/1677	St George Mining Limited	Lake Minigwal Project	100%
E39/1678	St George Mining Limited	Lake Minigwal Project	100%

Notes:

1. All tenements are in Western Australia.
2. E = Exploration Licence

