



sinogold

SINO GOLD MINING LIMITED

ACN 093 518 579

(Stock Code: 1862)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 2008 Annual General Meeting of shareholders of Sino Gold Mining Limited (“Company”) will be held in the Wilarra Room, The Grace Hotel, 77 York Street, Sydney NSW Australia, at 2.00pm Sydney time on 27 May 2008 for the purpose of transacting the following Business.

ORDINARY BUSINESS

2007 Financial Statements

To receive and consider the financial statements of the Company for the year ended 31 December 2007, consisting of the Annual Financial Report, the Directors’ Report and Auditor’s Report.

Resolution 1 — Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That the Remuneration Report of the Company for the year ended 31 December 2007 be adopted.”

Pursuant to section 250R(3) of the Corporations Act 2001, the vote on this resolution is advisory only and it does not bind the directors or the Company.

Resolution 2 — Election of James Askew as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That James Askew having retired as a Director of the Company pursuant to Article 5.1 of the Company’s Constitution and, being eligible, having offered himself for re-election be appointed a Director of the Company.”

Pursuant to Article 5.1 of the Company’s Constitution, up to one-third of the Directors of the Company must retire at each Annual General Meeting and being eligible may offer themselves for re-election.

Resolution 3 — Election of Peter Cassidy as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That Peter Cassidy having retired as a Director of the Company pursuant to Article 5.1 of the Company’s Constitution and, being eligible, having offered himself for re-election be appointed a Director of the Company.”

Pursuant to Article 5.1 of the Company’s Constitution, up to one-third of the Directors of the Company must retire at each Annual General Meeting and being eligible may offer themselves for re-election.

Resolution 4 — Confirmation of Appointment of Thomas McKeith as a Director

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That the appointment of Thomas McKeith as a Director of the Company since the previous Annual General Meeting pursuant to Article 8.1 of the Company’s Constitution be confirmed.”

Pursuant to section 201H of the Corporations Act 2001 and Article 8.1 of the Company’s Constitution, the existing Directors of the Company may appoint a person as a Director, subject to the Company confirming the appointment by resolution at the Company’s next Annual General Meeting.

Resolution 5 — Increase in Aggregate Directors’ Fees

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 10.17 of Australian Stock Exchange Limited and in accordance with Article 42.1 of the Company’s Constitution, the maximum aggregate amount to be paid to the directors of the Company by way of remuneration for their services, be increased from \$650,000 to \$850,000 per annum”.

The Company will disregard any votes cast on this resolution by the directors of the Company and any associate of any of them unless the vote is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6 — Issue of Options to Executive Director — Jacob Klein

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That pursuant to and in accordance with section 208 of the Corporations Act 2001 (Cth) and Listing Rule 10.14 of Australian Stock Exchange Limited, and for all other purposes, the Company approves and authorises the Directors of the Company to grant to Mr Jacob Klein Options to subscribe for 500,000 fully paid ordinary shares in the capital of the Company at an

exercise price of A\$7.65 per share exercisable on or before 9 November 2012 on the terms set out in the attached Explanatory Memorandum and otherwise in accordance with the Sino Gold Mining Limited (ACN 093 518 579) Executive and Employee Option Plan.”

The Company will disregard any votes cast on this resolution by a Director and any associate of a Director. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

The value of each Option to be granted to the abovementioned director as calculated by the Company and its advisers using the Black & Scholes valuation model is A\$3.76.

Resolution 7 — Issue of Options to Executive Director — Xu Hanjing

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That pursuant to and in accordance with section 208 of the Corporations Act 2001 (Cth) and Listing Rule 10.14 of Australian Stock Exchange Limited, and for all other purposes, the Company approves and authorises the Directors of the Company to grant to Mr Xu Hanjing Options to subscribe for 350,000 fully paid ordinary shares in the capital of the Company at an exercise price of A\$7.65 per share exercisable on or before 9 November 2012 on the terms set out in the attached Explanatory Memorandum and otherwise in accordance with the Sino Gold Mining Limited (ACN 093 518 579) Executive and Employee Option Plan.”

The Company will disregard any votes cast on this resolution by a Director and any associate of a Director. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

The value of each Option to be granted to the abovementioned director as calculated by the Company and its advisers using the Black & Scholes valuation model is A\$3.76.

Resolution 8 — Issue of Options to Non-Executive Director — Thomas McKeith

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That pursuant to and in accordance with section 208 of the Corporations Act 2001 (Cth) and Listing Rule 10.14 of Australian Stock Exchange Limited, and for all other purposes, the Company approves and authorises the directors of the Company to grant to Mr Thomas McKeith Options to subscribe for 120,000 fully paid ordinary shares in the capital of the Company at an exercise price of A\$7.65 per share exercisable on or before 9 November 2012 on the terms set out in the attached Explanatory Memorandum and otherwise in accordance with the Sino Gold Mining Limited (ACN 093 518 579) Executive and Employee Option Plan.”

The Company will disregard any votes cast on this resolution by a Director and any associate of a Director. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

The value of each Option to be granted to the abovementioned Director as calculated by the Company and its advisers using the Black & Scholes valuation model is A\$3.76.

Entitlements to Vote

A Proxy Form is enclosed with this Notice

For the purposes of determining a person's entitlement to vote at the meeting, a person will be recognised as a member and holder of shares if that person is registered as a holder of those shares at 2.00pm Sydney time on 25 May 2008.

By order of the Board

I. Polovineo

Secretary

Date: 21 April 2008

EXPLANATORY MEMORANDUM

This Explanatory Memorandum is intended to provide shareholders in Sino Gold Mining Limited ACN 093 518 579 (“Company”) with sufficient information to assess the merits of the Resolutions contained in the Notice of Annual General Meeting of the Company.

The Directors recommend that shareholders read this Explanatory Memorandum in full before making any decision in relation to the above Resolutions.

The following information should be noted in respect of the various matters contained in the Notice of Annual General Meeting:

RESOLUTION 1 — REMUNERATION REPORT

The Remuneration Report for the year ended 31 December 2007 is set out in the Directors’ Report on pages 41 to 45 of the Annual Report.

The Remuneration Report:

- Explains the Board’s policies relating to remuneration of directors, secretaries and executives of the Company;
- Discusses the relationship between such policies and the Company’s performance;
- Provides details of any performance conditions attached to such remuneration; and
- Sets out remuneration details for each director and certain named executives.

The Board submits the Remuneration Report to shareholders for consideration and adoption by way of a non-binding resolution as required by the Corporations Act.

RESOLUTION 2 — ELECTION OF JAMES ASKEW AS A DIRECTOR

In accordance with the commentary and guidance to Recommendation 2.4 of the ASX Corporate Governance Principles, the Company provides the following information concerning Mr Askew:

Biographical details

Mr Askew is a mining engineer with broad international experience as chief executive officer for a wide range of Australian and international publicly listed mining, mining finance and other mining-related companies. In a 21-year tenure as chief executive officer (of which 15 has been in the gold sector) he has been instrumental in founding and growing several companies and overseeing subsequent mergers and acquisitions.

Mr. Askew’s most recent full time roles have been as president and chief executive officer of North American listed Golden Star Resources (1999) and Rayrock Resources (1998-1999), which merged with Glamis Gold in 1999 and president and managing director of Golden Shamrock Mines Ltd (1986-1996), which merged with Ashanti Goldfields in 1996.

Details of relationships between the Candidate and the Company

Mr. Askew is the non-executive chairman of the Company

Details of relationships between the Candidate and Directors of the Company

Not applicable

Directorships held

Mr. Askew is currently chairman of International Mining and Finance Corporation, a Denver-based venture capital group targeting gold and base metal opportunities. He is currently a non-executive director of Ausdrill Ltd and Golden Star Resources Inc, plus the non-executive chairman of Asian Mineral Resources, Sino Gold Mining Limited and Oceana Gold Ltd. Mr. Askew is a member of the Remuneration and Risk Management Committees of Sino Gold

The term of office already served by Mr Askew

Mr. Askew has been a Director of the Company since 10 October 2002

RESOLUTION 3 — ELECTION OF PETER CASSIDY AS A DIRECTOR

In accordance with the commentary and guidance to Recommendation 2.4 of the ASX Corporate Governance Principles, the Company provides the following information concerning Mr Cassidy:

Biographical details

Mr. Cassidy is an experienced and successful senior mining executive with over 37 years exposure to the minerals industry in Australia, Papua New Guinea, Indonesia and the USA, including more than 15 years in the gold industry.

Mr. Cassidy's most recent executive role was as chief executive officer of Goldfields Limited from 1995-2002. Following the merger of Goldfields and Delta Gold Limited to form AurionGold Limited in 2002, he stepped down as chief executive officer and following completion of its acquisition by Placer Dome he resigned as a director of the company.

Details of relationships between the Candidate and the Company

Mr. Cassidy is a non-executive Director of the Company

Details of relationships between the Candidate and Directors of the Company

Not applicable

Directorships held

Mr. Cassidy is a non-executive director of Lihir Gold Limited, Energy Developments Limited and Zinifex Limited. He is chairman of the Risk Management Committee and a member of the Remuneration Committee. Mr. Cassidy was previously Chairman of Sino Gold Mining Limited until November 2006.

The term of office already served by Mr Cassidy

Mr. Cassidy has been a Director of the Company since 10 October 2002.

RESOLUTION 4 — CONFIRMATION OF APPOINTMENT OF THOMAS MCKEITH AS A DIRECTOR

In accordance with the commentary and guidance to Recommendation 2.4 of the ASX Corporate Governance Principles, the Company provides the following information concerning Mr McKeith:

Biographical details

Thomas (Tommy) McKeith rejoined Gold Fields Limited in October 2007 as Executive Vice President: Exploration and Business Development, and is based in Perth.

Prior to this, Tommy was the Chief Executive Officer of Troy Resources NL an Australian junior gold producer.

Before joining Troy, Tommy worked for over 15 years with Gold Fields and its predecessors in various mine geology, exploration and business development positions. These included Regional Manager Australasia and Vice President Business Development, based in Denver.

Tommy has a B.Sc. Hons (Geology), a GDE (Mining) and an MBA, all from the University of Witwatersrand in South Africa.

Details of relationships between the Candidate and the Company

Mr McKeith is a non executive Director of the company

Details of relationships between the Candidate and Directors of the Company

Not applicable

Directorships held

Mr McKeith does not have any public company directorships.

The term of office already served by Mr McKeith

Mr McKeith has not served previously.

RESOLUTION 5 — INCREASE IN AGGREGATE DIRECTORS' FEES

Article 42.1 of the Company's Constitution requires that the approval of members in general meeting be obtained in order to increase the fees payable to directors of the Company. Listing Rule 10.17 of the Listing Rules of Australian Stock Exchange Limited ("ASX") provides that an entity must not increase the total amount of fees payable by it without the approval of holders of its ordinary securities. The directors now seek member approval to increase the aggregate remuneration payable to the directors to \$850,000 per annum.

The need to increase the maximum aggregate fees payable to directors is due to the requirement by the Company to be in a position to meet the costs involved in appointing additional directors and additional fees payable for committee participation, which arises from the recommendations of the ASX corporate governance guidelines as to the number of independent directors, and the committee structures that are recommended by the ASX Corporate Governance guidelines.

The following information is provided for the purpose of Listing Rule 10.17.1:

Amount of the increase

The current approved amount for directors' fees is \$650,000 per annum. Accordingly, the amount of the proposed increase is \$200,000 per annum.

Directors' fees were last increased at the 2006 Annual General Meeting.

The maximum amount that may be paid to the directors as a whole

If Resolution 5 is passed, the maximum amount that may be paid to the directors as a whole will be \$850,000 per annum.

RESOLUTIONS 6 AND 7 — ISSUE OF OPTIONS TO EXECUTIVE DIRECTORS — JAKE KLEIN AND XU HANJING

The Company proposes to issue a total of 850,000 Options to Executive Directors of the Company under the Plan in the following proportions:

Jacob Klein	—	500,000
Xu Hanjing	—	350,000

The Options will be issued on the terms and conditions of Sino's Executive and Employee Option Plan as set out in Annexure A.

RESOLUTION 8 — ISSUE OF OPTIONS TO NON-EXECUTIVE DIRECTOR — THOMAS MCKEITH

The Company proposes to issue a total of 120,000 Options under the Plan to Thomas McKeith, a Non-Executive Director of the Company.

The Options will be issued on the terms and conditions of Sino's Executive and Employee Option Plan as set out in Annexure A.

The options to be issued to Mr McKeith are options to be issued to a non-executive director appointed during the year, as part of the Company's usual remuneration and incentive policies and in accordance with the policy adopted by the Company in respect of the issue of options to all non-executive directors under the Executive and Employee Option Plan.

OTHER INFORMATION — RESOLUTIONS 6 TO 8

Listing Rule 10.14

Listing Rule 10.14 states that a company must not permit a Director or an associate of a Director to acquire securities under an employee incentive scheme without the approval of ordinary shareholders.

The following information is provided to shareholders for the purpose of Listing Rule 10.15:

- (a) the Options will be issued to Jacob Klein and Xu Hanjing (being executive directors), and Thomas McKeith (being a non-executive director) (Messrs. Klein, Xu and McKeith are each referred to as “**Participating Directors**”);
- (b) the maximum number of Options to be granted under Resolutions 6 to 8 is 970,000;
- (c) the Options will be granted as employee incentive options and accordingly the Options will be issued for nil consideration. The exercise price of the Options will be A\$7.65 per share exercisable on or before 9 November 2012;
- (d) the value of the Options to be granted to the Participating Directors as calculated by the Company and its advisers, Austock Corporate Finance Limited, using the above assumptions and the Black & Scholes valuation model is A\$3.76 per Option (details of the calculation of this valuation are set out below);
- (e) no person referred to in Listing Rule 10.14 (which includes all Directors of the Company) has received securities under the Executive and Employee Option Plan since the Company’s listing on ASX on 3 December 2002 without the approval of holders of ordinary securities (the securities referred to in paragraph (j) below were issued with the approval of holders of ordinary securities);
- (f) the names of the persons referred to in Listing Rule 10.14 who are entitled to participate in the Executive and Employee Option Plan are Jacob Klein and Xu Hanjing (being executive directors), and Thomas McKeith (being a non-executive director);
- (g) no loan is granted in relation to the acquisition of Options by the Directors;
- (h) the Options will be issued no later than 12 months after the date of this Annual General meeting;
- (i) the Options will be issued to the Participating Directors for no consideration;
- (j) the persons referred to in Listing Rule 10.14 who have received securities under the Executive and Employee Option Plan since the last approval under Listing Rule 10.14 are those persons referred to in the Resolutions numbered 6 to 8 which were approved at the Company’s Annual General Meeting held on 30 May 2007, i.e.
 - (1) Jacob Klein received options to subscribe for 750,000 fully paid ordinary shares in the capital of the Company at an exercise price of A\$6.50 per share exercisable on or before 31 December 2011. Those options were granted for no additional consideration. Those options were granted on 11 October 2007.
 - (2) Xu Hanjing received options to subscribe for 500,000 fully paid ordinary shares in the capital of the Company at an exercise price of A\$6.50 per share exercisable on or before 31 December 2011. Those options were granted for no additional consideration. Those options were granted on 11 October 2007.

Related Party Transactions

Chapter 2E of the Corporations Act prohibits a public company from giving a financial benefit to a related party of the public company unless either:

- (a) the giving of the financial benefit falls within one of the nominated exceptions to the provision; or
- (b) prior shareholder approval is obtained to the giving of the financial benefit.

For the purposes of Chapter 2E, each of the Directors of the Company are considered to be related parties of the Company.

Resolutions 6 to 8 provide for the grant of Options to Directors of the Company, which is a financial benefit that requires shareholder approval. For the purpose of Chapter 2E of the Corporations Act the following information is provided.

The related parties to whom the proposed resolutions would permit the financial benefit to be given

Jacob Klein and Xu Hanjing (being executive directors), and Thomas McKeith (being a non-executive director).

The nature of the financial benefit

The proposed financial benefit to be given is the grant of Options for no consideration. The terms and conditions of the Options to be granted are set out in Annexure A to this Explanatory Memorandum. The Options cannot be sold, transferred, assigned or otherwise disposed of except with the approval of the Board of Directors.

Directors' recommendation

All the Directors were available to consider the proposed Resolutions 6 to 8.

Section 195 of the Corporations Act provides, in essence, that a Director of a public company may not vote or be present during meetings of Directors when matters in which that Director holds a "material personal interest" are being considered.

The Participating Directors each have an interest in the outcome of the proposed resolutions because they will be issued Options in accordance with the proposed resolutions. Accordingly, the Participating Directors are unable to make a recommendation to shareholders concerning the proposed resolutions 6 to 8.

The other Directors of the Company (**Non Participating Directors**) being James Askew, Brian Davidson, Peter Cassidy and Peter Housden do not have an interest in the outcome of the proposed resolutions and consider themselves justified in making a recommendation to shareholders concerning the proposed resolutions 6 to 8. Each of the Non Participating Directors considers that the proposed Resolutions 6 to 8 are in the best interests of the Company and its shareholders. It is important that the remuneration of the Directors is linked to the medium term and long term strategies of the Company. Proposed Resolutions 6 and 7 will provide Messrs Klein and Xu with additional incentives to successfully implement the Company's strategies. Resolution 8 provides for the granting of options to a relatively new director as part of the Company's usual remuneration and incentive policies and in accordance with the policy adopted by the Company in respect of the issue of options to non-executive directors under the Executive and Employee Option Plan.

Therefore, each Non Participating Director recommends that shareholders vote in favour of each of Resolutions 6 to 8.

Other information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors

The proposed Resolutions 6 to 8 would have the effect of giving power to the Directors to grant 970,000 Options on the terms and conditions as set out in Annexure A and as otherwise mentioned above. The Company presently has on issue 243,731,402 ordinary shares and 10,541,694 unlisted Options and Warrants.

If any Options granted as proposed above are exercised the effect would be to dilute the share holding of existing shareholders. The market price of the Company's shares during the period of the Options will normally determine whether or not Option holders exercise the Options. At the time any Options are exercised and shares are issued pursuant to the exercise of the Options, the Company's ordinary shares may be trading at a price which is higher than the exercise price of the Options.

The highest price of fully paid ordinary shares in the Company trading on ASX during the past 12 months was A\$8.53 which occurred on 15 January 2008 and the lowest price of shares in the Company trading on ASX during the past 12 months was A\$4.55 which occurred on 16 August 2007. The most recent closing price of shares in the Company trading on the ASX prior to the date of this Explanatory Memorandum was A\$5.70, which occurred on 18 April 2008.

The other remuneration currently being received by the proposed recipients of the options is set out in Note 22 on page 91 of the enclosed 2007 Annual Report of the Company.

The shares and options currently held by the proposed recipients of the options are set out in Note 21 commencing on page 86 of the enclosed 2007 Annual Report of the Company.

The specific numbers of additional Options to be granted to Executive Directors pursuant to Resolutions 6 and 7 are as follows:

Jacob Klein: 500,000

Xu Hanjing: 350,000

These numbers of options were chosen by the Company's Remuneration Committee in order to provide the Executive Directors with an appropriate mix of cash remuneration and remuneration by way of Options. The Options component of the remuneration provides a link to the medium term and long term strategies of growing the Company for the benefit of all shareholders.

The specific number of Options to be granted to a Non-Executive Director pursuant to Resolution 8 is as follows:

Thomas McKeith: 120,000

Mr McKeith became a Director in April 2008. This number of options was chosen by the Company's Remuneration Committee because it is consistent with the number of Options that have been granted to other Non-Executive Directors of the Company in accordance with the policy adopted by the Company in respect of the issue of Options to Non-Executive Directors under the Executive and Employee Option Plan.

It is not considered that from an economic and commercial point of view there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits forgone by the Company resulting from the issue of the Options pursuant to Resolutions 6 to 8.

Valuation of Options

The Directors, in conjunction with the Company's advisers, have determined the value of the Options using the Black & Scholes model for pricing of financial options. The Black & Scholes valuation model uses five inputs: time to expiration, strike price, value of the underlying financial instrument, implied volatility and the risk free interest rate. In assessing the implied volatility, the Company's advisers have reviewed the movements in the Company's daily closing Share Price for the twelve months to 8 November 2007.

The Company proposes to issue the Options effective 9 November 2007 (subject to shareholder and board approval), in accordance with the Company's usual remuneration practices, because the Options relate to the remuneration for the 2007 calendar year. Initial board approval of the grant of the options (subject to applicable shareholder and regulatory approvals) occurred on 9 November 2007 and accordingly the options have been valued at that date.

On the days where the Share has not traded the previous day's closing price has been used. The resulting volatility figure is historical and this has been used as a guide to estimating Implied Volatility. The volatility figure has been discounted to take into account the fact that the Options are only exercisable during the period between 3 years and 5 years after the date of grant of the Option. It should be noted that volatility is a subjective input into the calculation of financial options using the Black & Scholes method.

Using this method of valuation Austock Corporate Finance Limited have determined a value of A\$3.76 for each of the Options to be granted to the Directors in terms of the Plan. On the basis of this calculation, the total financial benefit to be given to the Directors, if Resolutions 6 to 8 are approved, would amount to A\$3,647,200

The assumptions used by the company and its advisers in calculating the value of the Options were as follows:

Share Price at 9 November 2007	A\$7.95
Exercise Price	A\$7.65
Volatility	40%
Vesting date	9 November 2010
Expiry date	9 November 2012
Risk free rate	7.175%
Dividends	Nil

Apart from the information set out in this Explanatory Memorandum there is not any other information that is known to the Company or any of its directors that is reasonably required by shareholders to decide whether or not it is in the Company's interest to pass Resolutions 6 to 8.

GLOSSARY

“**ASX**” means ASX Limited ACN 008 624 691;

“**Company**” means Sino Gold Mining Limited ACN 093 518 579;

“**Corporations Act**” means Corporations Act 2001 (Cth);

“**Director**” means a director of the Company;

“**Listing Rules**” means the Listing Rules of the ASX;

“**Notice**” means the notice of meeting accompanying this Explanatory Memorandum;

“**Option**” means an option to acquire one Share;

“**Shares**” means fully paid ordinary shares in the Company.

ANNEXURE A

RULES OF SINO GOLD MINING LIMITED (ACN 093 518 579) EXECUTIVE AND EMPLOYEE OPTION PLAN

1. NAME

1.1 This Plan shall be called the Sino Gold Limited (ACN 093 518 579) Executive and Employee Option Plan.

2. PURPOSE

2.1 The Purpose of this Plan is to:

- (1) recognise the ability and efforts of the Directors and employees of the Company who have contributed to the success of the Company;
- (2) provide an incentive to the Directors and employees to achieve the long term objectives of the Company and improve the performance of the Company; and
- (3) attract persons of experience and ability to employment with the Company and foster and promote loyalty between the Company and its Directors and employees.

3. COMMENCEMENT

3.1 This Plan will commence with effect from 28 August 2002.

4. INTERPRETATION

4.1 In these Rules, unless the context otherwise requires:

- (1) “**Application**” means an application for Options substantially in the form of Schedule 2;
- (2) “**ASX**” means Australian Stock Exchange Limited;
- (3) “**Bid Period**” means, in relation to a takeover bid in respect of shares in the Company, the period referred to in the definition of that expression in section 9 of the Corporations Act provided that where a takeover bid is publicly announced prior to the service of a bidder’s statement on the Company in relation to that takeover bid, the Bid Period shall be deemed to have commenced at the time of that announcement.
- (4) “**Board of Directors**” means the Board of Directors of the Company from time to time (or for the purposes of the Plan, a committee of the Board appointed for that purpose) acting by resolutions made in accordance with the Corporations Act and the Constitution of the Company;
- (5) “**Business Day**” has the meaning given to that term in the Listing Rules;

- (6) “**Change of Control Event**” means a shareholder, or a group of associated shareholders, acquiring relevant interests in sufficient shares in the Company to give it or them the ability, in general meeting, to replace all or a majority of the Board of Directors and that ability is successfully exercised.
- (7) “**Commencement Date**” means the date the Plan commences in accordance with clause 3;
- (8) “**Company**” means Sino Gold Limited ACN 093 518 579;
- (9) “**Corporations Act**” means the *Corporations Act 2001* (Cth).
- (10) “**Director**” means an executive or non-executive director of the Company or its Related Bodies Corporate, from time to time;
- (11) “**Eligible Person**” means:
 - (a) a full or part-time employee of the Company or Related Body Corporate; or
 - (b) a Director;
- (12) “**Exercise Notice**” means a notice substantially in the form of Schedule 1;
- (13) “**Exercise Period**”, in relation to an Option, means the period commencing on the date that is 3 years after the Issue Date and ending on the Expiry Date, or such other period as the Board resolves.

Pursuant to the powers vested in the Board under the Rules of this Plan, the Board resolved on 24 November 2003 that, in the event of a Change of Control Event occurring or a take over bid being made for the Company, the Exercise Period shall commence on either:

- 1. the happening of the change of control event; or
- 2. the point in time during the Bid Period when the Bidder becomes entitled to more than 50% of the voting shares of the Company (as the case may be)

and end on the Expiry Date;

- (14) “**Exercise Price**” means the exercise price specified in an offer of Options, being:
 - (a) in respect of offers of Options approved by the Board while the Company is not admitted to the Official List of the ASX, the price determined by the Board; and
 - (b) in respect of offers of Options approved by the Board while the Company is admitted to the Official List of the ASX, the weighted average price of the Company’s shares on the ASX over the five trading days prior to the date of offer of the Options,

provided that, in all cases, the Exercise Price shall be not less than \$0.20;

- (15) “**Expiry Date**” means the earlier of:
 - (a) 5 years from the Issue Date; or
 - (b) the date on which the Optionholder ceases to be an Eligible Person;
- (16) “**Group**” means the Company and its Related Bodies Corporate;
- (17) “**Issue Date**” means a date upon which the Option Certificate is issued to the Optionholder as set out in the Option Certificate;
- (18) “**Listing Rules**” means the Listing Rules of ASX;
- (19) “**New Issue**” means any variation in the share capital of the Company arising from:
 - (a) a cash issue; or
 - (b) any issue of Shares or other equity securities or instruments which convert into Shares by way of capitalisation of profits or reserves;
- (20) “**Official Quotation**” means quotation on the Official List of ASX;
- (21) “**Options**” means the options granted under this Plan to subscribe for Shares;
- (22) “**Optionholder**” means a person to whom options are issued under this Plan;
- (23) “**Option Certificate**” means the certificate issued by the Company to the Optionholder setting out the number of Options issued to the Optionholder, the Issue Date, the Exercise Price and the Exercise Period relating to those Options;
- (24) “**Outstanding Options**” means, in relation to an Optionholder, Options which remain unexercised from time to time and have not lapsed, expired or otherwise been terminated;
- (25) “**Plan**” means the Sino Gold Limited Executive and Employee Option Plan as amended from time to time;
- (26) “**Qualification Period**” means, in respect of an Option, the period commencing on the Issue Date and ending on the date which is 3 years after the Issue Date;
- (27) “**Related Bodies Corporate**” has the meaning given to that term in section 50 of the Corporations Act;
- (28) “**Rules**” means these rules as from time to time amended; and
- (29) “**Shares**” means the ordinary fully paid shares in the capital of the Company.

5. NO EFFECT ON CONTRACT OF EMPLOYMENT

- 5.1 This Plan shall not form any part of any contract of employment between the Company and the Eligible Person unless expressly incorporated in the contract of employment by reference or otherwise.

5.2 Nothing in this Plan:

- (1) confers on the Eligible Person any right to continue as an employee of the Company;
- (2) affects the rights which the Company may have to terminate the employment of the Eligible Person; or
- (3) may be used to increase any compensation or damages in any action brought against the Company in relation to the termination of employment of the Eligible Person.

6. LIMITATION ON NUMBER OF OPTIONS ISSUED

6.1 The total number of Options over unissued Shares in the Company that may be issued under this Plan, when added to the number of Shares or Options to acquire Shares issued under all other employee or executive share or option plans of the Company must not exceed 10% of the total number of Shares on issue from time to time.

7. OPTION ENTITLEMENTS

7.1 The Board may, from time to time, determine the extent to which Eligible Persons participate in the Plan and may issue Options in accordance with these terms and conditions.

7.2 Subject to clause 11, on issue and exercise each Option entitles the Optionholder to subscribe for one Share at the Exercise Price.

7.3 Upon the offer of Options to an Eligible Person, the Company will send the Eligible Person an Application which must be signed by the Eligible Person and returned to the Company within 5 Business Days. Upon the Company receiving the Application for Options in accordance with this clause the Company will issue the relevant number of Options to the Optionholder and issue the Optionholder with an Option Certificate.

7.4 The Option Certificate will bear an endorsement to the following effect:

“The Options to which this Certificate relates were issued subject to the conditions set out in the Sino Gold Limited ACN 093 518 579 — Executive and Employee Option Plan.”

7.5 An Eligible Person may only apply for Options in his/her own name. An Application for less than the Eligible Person’s full entitlement must be in respect of multiples of 100 options.

7.6 Options will only be issued under the Plan to Directors after the members of the Company have approved the proposed issue, if such approval is required by the Corporations Act or the Listing Rules.

8. TERMS OF THE OFFER OF OPTIONS

8.1 No monies will be payable for the issue of the Options.

8.2 The Options shall expire on the Expiry Date.

8.3 Each Option shall carry the right in favour of an Option Holder to subscribe for one Share.

- 8.4 Shares allotted to Option Holders on the exercise of Options shall be issued at the Exercise Price.
- 8.5 The Board may, in its absolute discretion, impose performance hurdles on the exercise of Options by an Optionholder. Performance hurdles must be specified in the offer of Options made under clause 7.3 and state that the relevant Options cannot be exercised unless the performance hurdles are satisfied.

9. ACCEPTANCE

- 9.1 The Company shall be obliged to accept any Application made in terms of clause 7 above, provided that the Application accords, in all respects, with these Rules and is for such number of Options, or part thereof, to which the Eligible Person is entitled. Upon acceptance of a duly complying Application the Company, within ten (10) Business Days, shall deliver an Option Certificate in respect of the Options applied for by the Eligible Person.

10. EXERCISE OF OPTIONS

- 10.1 Subject to this clause 10, an Optionholder may at any time during the Exercise Period exercise Outstanding Options, in whole or in part, by lodging with the Company at its registered office:
- (1) the Option Certificate;
 - (2) a duly completed and signed Exercise Notice; and
 - (3) the subscription monies for the relevant Shares being the number of Options specified in the Exercise Notice multiplied by the Exercise Price.
- 10.2 Despite anything contained elsewhere in these Rules, an Option is only exercisable if at the time of exercise, the Optionholder is an Eligible Person. The Board of Directors may waive or amend the operation of this clause (but so as not to increase the period for the exercise of an Option) as it applies to an Optionholder in the case of hardship or for any other just reason.
- 10.3 The Company shall allot the resultant Shares within five (5) business days of the exercise of the Option.
- 10.4 Options shall not be listed for Official Quotation on ASX.
- (1) An Option Holder may not sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of an Option during the Qualification Period.
 - (2) After the expiration of the Qualification Period, an Option Holder may sell, transfer, assign, give or otherwise dispose of, in equity or in law, the benefit of an Option on condition that the proposed new holder of the Option enter into a covenant with the Company pursuant to which the proposed new holder acknowledges and agrees to be bound by the provisions contained in this Plan.
 - (3) The Board of Directors may waive or amend the operation of clause 10.4(1) as it applies to an Optionholder in cases of hardship or for any other just reason.

10.5 Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with existing Shares of the Company in all respects.

10.6 The Company shall, in accordance with Listing Rule 2.8, make application to have Shares allotted pursuant to an exercise of Options listed for Official Quotation.

11. ISSUES AND RECONSTRUCTIONS

11.1 New Issues

- (1) An Optionholder is not entitled by reason only of being a holder of Options to participate in any New Issue or any issue of rights to subscribe for additional Shares or any other securities to be issued by the Company. The Optionholder cannot participate in any New Issue or any such issue of rights without exercising the Options prior to the record date for the determination of entitlements to the issue of securities and participating as a result of being a holder of Shares.

11.2 Adjustment

- (1) If the Company makes a New Issue which is a pro rata cash issue to all shareholders of the Company and is of a type referred to in paragraph (a) of the definition of “New Issue” (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, the Exercise Price will be reduced in accordance with the formula set out in Listing Rule 6.22.
- (2) If the Company makes a New Issue which is a pro rata bonus issue to all shareholders of the Company or is of a type referred to in paragraph (b) of the definition of “New Issue” (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment) and no Share has been issued in respect of an Option before the record date for determining entitlements to the issue, the number of Shares which will be allotted on the exercise of an Option pursuant to clause 10 will be increased by the number of Shares that would have been issued in respect of the Shares the subject of the Option if the Option had been exercised immediately prior to such record date but no change will be made to the Exercise Price.
- (3) Following any adjustment being made pursuant to this clause 11.2, the Board must notify each Optionholder within 1 month after the date on which entitlements are ascertained for the holders of Shares to participate in the issue in writing informing him or her of the number of Shares to be issued on the exercise of the Option and any adjustment to be made to the Exercise Price relating to the Option.

11.3 Reconstruction

- (1) If the Company, while an Option remains unexercised, reconstructs its issued capital (including a reduction, return, subdivision or consolidation of share capital or a reorganisation of share capital), the rights of the Optionholder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

12. TERMINATION OF RIGHT TO EXERCISE OPTION

12.1 Subject to clause 12.3, an Option will lapse on the earlier of:

- (1) the Expiry Date;
- (2) a determination of the Board that the Optionholder has, in the Board's opinion:
 - (a) been dismissed or removed from office for a reason which entitles a company in the Group to dismiss the Optionholder without notice or has committed any act of fraud, defalcation or gross misconduct in relation to the affairs of that company (whether or not charged with an offence); or
 - (b) done any act which brings the Group or any company in the Group into disrepute;
- (3) unless otherwise determined by the Board in respect of any of the following Eligible Persons as Optionholders, where:
 - (a) in the case of an Eligible Person who is an employee, the employment of that Eligible Person by the Company or a Related Body Corporate ceases; or
 - (b) in the case of an Eligible Person who is a Director of the Company or a Director of a Related Body Corporate and not an employee of the Company or a Related Body Corporate, the directorship of that Eligible Person ceases.

12.2 On an Option lapsing, all rights of an Optionholder under the Plan in respect of an Option shall cease, regardless of whether the Option has become exercisable.

12.3 The exercise of Options under this Plan shall be not ineffective if the Optionholder ceases to be an Eligible Person in the following circumstances:

- (1) where an Optionholder dies and at the date of his death that Optionholder held Outstanding Options. In such circumstances, those Outstanding Options are automatically transferred to the estate of the deceased Optionholder and shall continue as provided for by the terms of the Plan notwithstanding that the Optionholder is no longer an Eligible Person;
- (2) where the relevant Eligible Person is a Director and ceases to hold such office by reason of retirement pursuant to the constitution of the Company or the Corporations Act or who offers himself for reappointment but is not reappointed,. In such circumstances, the Optionholder's Outstanding Options shall continue as provided for by the terms of the Plan notwithstanding the Optionholder is no longer an Eligible Person; or
- (3) where the Eligible Person ceases to be an Eligible Person by reason of ill health or accident (resulting in permanent disability). In such circumstances, the Eligible Person's right to exercise Outstanding Options shall not be terminated and shall continue as provided for by the terms of the Plan prior to the occurrence of the illness or permanent disability notwithstanding that the Optionholder is no longer an Eligible Person.

13. CALCULATIONS

13.1 Any calculations or adjustments which are required to be made for the purpose of these Options will be made by the auditors of the Company for the time being and will, in the absence of manifest error, be final and conclusive and binding on the Optionholder.

13.2 The Company must notify each Optionholder of any adjustments made to the Exercise Price or the number of Outstanding Options within 10 Business Days of the date of the adjustment. A reference to an adjustment to the Exercise Price of the Outstanding Options does not include variations in the Exercise Price due to fluctuation of the prices for sales of the Shares on the Exchange.

14. REPLACEMENT OF CERTIFICATES

14.1 If any Option Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the registered office of the Company on payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence, indemnity and security as the Company may reasonably require. Mutilated or defaced Option Certificates must be surrendered before replacements will be issued.

15. RESTRICTIONS OR ALTERATIONS TO THE PLAN

15.1 The Plan may be amended at any time by resolution of the Board subject to the requirements from time to time of the Corporations Act and the Listing Rules including approval by the Company's shareholders of any such amendment to the Plan. Any such amendment however shall not adversely affect the rights of Optionholders who are granted Options prior to such amendment without the consent of the Optionholder, unless such amendment is required by, or necessitated by amendments to, either the Corporations Act or the Listing Rules.

16. POWERS OF THE DIRECTORS

16.1 The Plan shall be administered by the Board of Directors who shall have the power to:

- (1) determine procedures from time to time for administration of the Plan consistent with these Rules;
- (2) resolve conclusively all questions of fact or interpretation arising in connection with the Plan; and
- (3) delegate to any one or more persons for such period and on such conditions as may be determined by the Board of Directors, the exercise of any of the Board of Directors' powers or discretions arising under the Plan.

17. TERMINATION OF PLAN

17.1 The Plan may at any time be terminated by the Board of Directors but such termination shall not affect the rights of holders of Options issued prior to termination.

18. GOVERNING LAW

18.1 This Plan shall be governed by, administered and construed in accordance with the Laws of New South Wales.