



SINO GOLD MINING LIMITED

澳 華 黃 金 有 限 公 司*

(incorporated in the New South Wales, Australia with limited liability)

(STOCK CODE: ASX: SGX, SEHK: 1862)

*(a company incorporated in New South Wales, Australia with limited liability
under the Australian Corporations Act 2001 (Commonwealth of Australia))*

20 May 2008

SINO GOLD LAUNCHES PLACEMENT AND ACCELERATED PRO-RATA ENTITLEMENT OFFER

GOLD FIELDS TO INCREASE STAKE IN SINO GOLD TO 19.9%

Sino Gold Mining Limited (ASX: SGX, HKSE: 1862) today announced an equity raising comprising a placement to its major shareholder, Gold Fields Limited and an accelerated renounceable pro-rata entitlement issue to raise a total of up to approximately A\$204 million, primarily to fund the close-out of all of the Company's gold forward sales contracts.

More details are included in the attached announcement.

By Order of the Board
SINO GOLD MINING LIMITED

James Edward Askew
Chairman

As at the date of this announcement, the directors of Sino Gold Mining Limited are:

Executive directors:

Mr. Jacob Klein
Mr. Hanjing Xu

Non-executive directors:

Mr. Thomas David McKeith

Independent non-executive directors:

Mr. James Edward Askew
Mr. Peter William Cassidy
Mr. Brian Henry Davidson
Mr. Peter John Housden

** for identification purposes only*



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Sino Gold Mining Limited (ASX: SGX, HKSE: 1862) today announced an equity raising comprising a placement to its major shareholder, Gold Fields Limited and an accelerated renounceable pro-rata entitlement issue to raise a total of up to approximately A\$204 million, primarily to fund the close-out of all of the Company's gold forward sales contracts.

The proposed raising is comprised of:

- a placement (the "Placement") to Sino Gold's major shareholder Gold Fields Australasia (BVI) Limited ("Gold Fields") structured in two parts with Tranche 1 consisting of 11 million shares priced at A\$5.03 per share and Tranche 2 to be priced between A\$5.00 and A\$5.03 (as described below). The number of shares in Tranche 2 will be set such that immediately following settlement, Gold Fields will hold 19.9% of the issued shares in Sino Gold. Overall, the Placement will raise up to approximately A\$68 million; and
- a pro-rata entitlement offer at A\$4.00 (HK\$29.80) per share ("the Offer") to eligible shareholders to raise up to approximately A\$136 million through a 2 for 15 Accelerated Renounceable Entitlement Offer ("AREO"), comprising an Institutional Offer and a Retail Offer. Gold Fields has committed to take up all of its entitlements.

The Placement and Offer prices represent discounts of 5.5% and 24.8%, respectively, to the closing price of Sino Gold shares on the ASX on Monday, 19 May 2008. The Offer price also represents a 22.6% discount to the theoretical ex-entitlements price.

Sino Gold will apply to the ASX and the HKSE for listing of the Offer shares and the Placement shares.

There are no conditions precedent to the making of the Offer. The obligations of Gold Fields to subscribe for the Placement shares is not subject to any conditions precedent, other than Sino Gold complying with its completion obligations to issue the Placement shares and being solvent at completion of the Placement.

Sino Gold intends to apply the funds raised by the Placement and the Offer as follows:

- close out all of the Company's gold forward sales contracts, which totaled 278,657 ounces at an average delivery price US\$525/ounce as at 30 April 2008; and
- Acquisitions, development, exploration expenditure, working capital and general corporate purposes; and
- provide fund for fees and other costs of the offer

Commenting on the raisings, Sino Gold CEO Jake Klein said:

“This is an important step for Sino Gold. We are delighted to have received such significant support from our major shareholder, Gold Fields, through its commitment to purchase shares at a premium to the entitlements issue and increase its holding in Sino Gold to 19.9%.

“With the close out of our forward sales, Sino Gold’s shareholders will now have the opportunity to fully participate in the value created by our growing gold production in a rising gold price environment.”

Hedging Contracts

A requirement of the Jinfeng Project Finance Facility was for the Company to enter into a hedging program in 2005. Sino Gold has not entered into any hedging contracts since 2005.

All outstanding gold forward sales contracts are to be closed out at an estimated cost of A\$122 million. These contracts are summarised in the table below (Sino Gold’s share being 82%).

	2008	2009	2010	2011	2012
Ounces ('000)	49	65	65	65	36
Delivery Price (US\$/oz)	524	525	525	525	530

Following this transaction, Sino Gold has total exposure to rising gold prices. Sino Gold does not anticipate putting in place any further gold hedging.

Placement

Gold Fields, the largest shareholder in Sino Gold, has accepted a Placement totaling up to approximately A\$68 million which will effectively result in Gold Fields increasing its holding to 19.9% of Sino Gold’s issued shares post the completion of the Offer. In addition, Gold Fields has advised Sino Gold that it will fully take up its entitlements in the Offer.

The Placement is structured in two parts:

1. Tranche 1 comprises 11,000,000 shares which are to be settled on Thursday, 22 May 2008; and
2. Tranche 2 will comprise the requisite number of shares which will result in Gold Fields holding 19.9% of the issued shares immediately following settlement of the Retail Offer. Settlement of the second tranche will occur on the same date as settlement of the Retail Offer, anticipated to be Wednesday, 25 June 2008.

Immediately prior to settlement of the first tranche of the Placement, Gold Fields holds approximately 15.5% of the issued shares in Sino Gold. Immediately following settlement of the second tranche of the Placement, Gold Fields will hold 19.9% of the issued shares in Sino Gold.

The final number and issue price of shares to be issued pursuant to the Placement, and the final proceeds raised from the Placement, will be announced to the ASX and the HKSE on the date of announcement of the results of the Retail Offer (expected to be Friday, 20 June 2008).

Sino Gold believes the Placement is in the best interests of shareholders as a whole. The Placement demonstrates strong support for Sino Gold by an existing significant shareholder, at a price above the price of the Offer made to all eligible shareholders.

The price for Tranche 1 was calculated as a 4% discount to the volume weighted average price of Sino Gold's shares on the ASX over the 5 trading days from 12 May 2008 to 16 May 2008 of A\$5.240 per share. The price for Tranche 1 of the Placement is at a 25.8% premium to the issue price of the Offer. The net price per share to Sino Gold for Tranche 1 of the Placement, after deducting expenses of the Placement, is a A\$5.03 (HK\$37.47) per share.

The price for Tranche 2 will be a 4% discount to the volume weighted average price of Sino Gold's shares on the ASX over the 5 trading days commencing on and from the date the Retail Offer closes, provided that the price for Tranche 2 will not be greater than the price for Tranche 1, and not less than \$5.00 per share.

Pro-rata Entitlement Offer

The Institutional Offer and the Hong Kong component of the Retail Offer are fully underwritten by Goldman Sachs JBWere Pty Ltd ("the Underwriter"). Goldman Sachs JBWere Pty Ltd is acting as sole bookrunner and lead manager of the Offer (the "Lead Manager").

Up to approximately 34 million shares are to be issued in the Offer. Each eligible Shareholder will be invited to subscribe for 2 shares for every 15 shares held on the Record Date.

The Offer is comprised of an Institutional Offer and a Retail offer as detailed below.

The Offer price of A\$4.00 (HK\$29.80) per share, applicable to the Institutional Offer and the Retail Offer represents:

- a discount of 24.8% (24.3%) to the most recent closing price of A\$5.32 (HK\$39.35) per share;
- a discount of and 24.8% (24.3%) to the closing price of A\$5.32 (HK\$39.35) per share as at 19 May 2008, being the date the terms of the Placement and Offer were fixed
- a discount of 22.6% (22.1%) to the theoretical ex-entitlements price of A\$5.16 (HK\$38.23) per share

The Offer price is discounted as set out above to encourage participation by shareholders in the Offer. The Company believes that it is normal and appropriate for a rights issue offer to be made at a material discount to the most recent closing price, because a rights issue offer is made to all eligible shareholders. Therefore, a rights issue offer does not dilute the interests of eligible shareholders who elect to participate, and it provides such eligible shareholders with an additional opportunity to participate in the ongoing development of the Company.

Entitlements under either the Institutional Offer or the Retail Offer cannot be traded on ASX, HKSE or any other exchange, or privately transferred.

1. Institutional Offer

The Institutional Offer is expected to raise approximately A\$102 million, 75% of the total Offer.

During the Institutional Offer period, eligible institutional shareholders will be invited to participate in the Institutional Offer. Eligible institutional shareholders can choose to take up their entitlement in whole, in part or not at all.

A number of shares equivalent to the number of new shares not taken up by eligible institutional shareholders under the Institutional Offer and the number of new shares that would have been offered to ineligible institutional shareholders had they been

eligible to participate in the Institutional Offer, will then be offered for subscription to selected institutional investors through a bookbuild process, to be undertaken from Thursday 22 May to Friday 23 May (the Institutional Bookbuild). The Lead Manager has the right to close the Institutional Bookbuild earlier.

Any positive difference between the Institutional Bookbuild price and the Offer price of the shares will be paid to the institutional shareholders who did not take up all or any of their entitlement in whole or in part, or who were ineligible to participate in the Institutional Offer.

The eligible institutional shareholders who will be invited to participate in the Institutional Offer will be existing institutional shareholders of Sino Gold, each of which is resident outside Hong Kong. Hong Kong shareholders will participate in the Offer pursuant to the Retail Offer, and not pursuant to the Institutional Offer.

2. Retail Offer

The Retail Offer is expected to raise up to approximately A\$34 million, 25% of the total Offer.

Existing eligible retail shareholders in Australia, New Zealand and Hong Kong will be invited to participate in the Retail Offer at the same price and entitlement ratio as the Institutional Offer.

Eligible retail shareholders may choose to take up their entitlement in whole, in part or not at all. A number of shares equivalent to the number of new shares not taken up by eligible retail shareholders under the Retail Offer and the number of new shares that would have been offered to ineligible retail shareholders had they been eligible to participate in the Retail Offer, will be offered for subscription to selected institutional investors through a bookbuild process commencing on or around Thursday, 19 June 2008 (the Retail Bookbuild).

Shares on the SEHK are traded in board lots of 200 each. Accordingly, Hong Kong eligible retail shareholders may wish to round down the number of New Shares for which they apply to the nearest multiple of 200 shares, in order to ensure that their shares constitute a whole board lot. Sino Gold has also appointed a broker to act as an odd lot matching agent as detailed below.

Retail shareholders who do not take up their entitlement in whole or in part, or who are ineligible to participate in the Retail Offer will receive any positive difference between the Retail Bookbuild Price and the Offer price for the shares.

Full details of the Retail Offer will be set out in a prospectus which is expected to be lodged with ASIC and registered with the Registrar of Companies in Hong Kong on Monday, 26 May, 2008 (the "Prospectus").

Any eligible retail shareholder who wishes to acquire shares under the Retail Offer will need to complete the personalised entitlement and acceptance form that will accompany the Prospectus.

Key Dates

Sino Gold has requested that its shares be placed in a trading halt on the ASX and the HKSE pending the outcome of the Institutional Offer and Institutional Bookbuild. Its shares are expected to remain in trading halt until prior to the opening of trading on Monday, 26 May 2008. The record date for the Offer will be 7.00pm (Sydney Time) (5.00 pm Hong Kong Time) on Friday, 23 May 2008.

Institutional Offer	
Institutional Offer opens	Tuesday, 20 May 2008
Suspension of trading commences	9.30am Hong Kong time prior to market open on Tuesday, 20 May 2008
Institutional Offer closes for all institutions	Wednesday, 21 May 2008 (5.00pm)
Institutional Bookbuild opens	Thursday, 22 May 2008 (5.00pm)
Institutional Bookbuild closes	Friday, 23 May 2008 (11.00am)
Record Date	Friday, 23 May 2008 (7.00pm)
Trading resumes	Prior to market open on Monday, 26 May 2008 (9.30am Hong Kong time)
Announcement of results of Institutional Offer and Institutional Bookbuild	Monday, 26 May 2008
Settlement of Institutional Offer and Institutional Bookbuild	Monday, 2 June 2008
New Shares issued under Institutional Offer and Institutional Bookbuild expected to commence trading (on a normal settlement basis)	Tuesday, 3 June 2008
Dispatch of holding statements for new shares in the Australian Share Registry	Tuesday, 3 June 2008
<i>These dates are indicative only and subject to change. All times and dates refer to Sydney Time</i>	

Retail Offer	
Latest time for lodging transfers of shares in Hong Kong in order to qualify for the Retail Offer	Thursday, 22 May 2008 (4pm Hong Kong Time)
Record Date (register of members of Sino Gold to be closed)	Friday, 23 May 2008 (7.00pm Sydney Time / 5.00pm Hong Kong Time)
Register of members of Sino Gold to be re-opened	Monday, 26 May 2008
Lodgment of prospectus for Retail Offer with ASIC and HKSE	Monday, 26 May, 2008
Prospectus dispatched to eligible retail shareholders	Tuesday, 27 May 2008
Retail Offer opens	Thursday, 29 May, 2008
Retail Offer closes (latest time for acceptance of and payment for shares)	Thursday, 12 June 2008
<ul style="list-style-type: none"> Eligible Retail shareholders in Australia or New Zealand 	5pm Sydney Time
<ul style="list-style-type: none"> Eligible Retail shareholders in Hong Kong 	4pm Hong Kong Time
Retail Bookbuild	Thursday, 19 June 2008
Announcement of results of Retail Offer (latest date for the Retail Offer to become unconditional)	Friday, 20 June 2008
Settlement of Retail Offer and Retail Bookbuild (latest date for underwriting agreement to become unconditional in respect of Retail Offer in Hong Kong)	Wednesday, 25 June 2008
Share certificates expected to be dispatched for new shares in the Hong Kong registry	Thursday, 26 June 2008
Holding statements expected to be dispatched for new shares in the Australian Share Registry	Friday, 27 June 2008
New Shares issued under Retail Offer and Retail Bookbuild expected to commence trading (on a normal settlement basis)	Friday, 27 June 2008
Dispatch of cheques to non-participating retail shareholders	Friday, 27 June 2008
<i>These dates are indicative only and subject to change.</i>	

Use of funds – prior placement

The table below summarises the net proceeds and use of proceeds from the share placement that was conducted by Sino Gold in December 2007 and January 2008 (details of which were announced to the ASX and the HKSE on 14 December 2007):

Use of funds	A\$'000s Raised	A\$'000s Spent	A\$'000s To be spent
Eastern Dragon Project acquisition	105,000	105,000	-
Eastern Dragon Pre-Development, Expenditure	5,000	5,000	0
Construction, pre-development, feasibility and exploration of various assets including Beyinhar, Nibao, Biogold and White Mountain along with general working capital	40,000	20,000	20,000
Placement costs	4,000	4,000	0
Working capital and Exploration & Development of Other Assets	16,000	16,000	0
Total	\$170,000	\$150,000	\$20,000

Odd lot matching

Sino Gold has appointed Taifook Securities Company Limited to act as a broker in Hong Kong to match, on a “non-guaranteed” basis, the sale and purchase of odd lots of new shares arising from the Retail Offer from 27 June 2008 being the expected date of resumption of trading in the new shares, up to and including 25 July 2008. This arrangement is to assist Hong Kong eligible retail shareholders who wish to dispose of odd lots of new shares. Hong Kong eligible retail shareholders who wish to take advantage of this facility should contact Ms Rita Fung of Taifook Securities Company Limited at 25/F, New World Tower I, 16-18 Queen’s Road Central, Hong Kong on Tel: (852) 2213-8201 in office hours during the above period. The matching of the sale and purchase of odd lots of shares is not guaranteed.

ASX Listing Rules

The Placement shares will be issued under the 15% general mandate under ASX Listing Rule 7.1. The Offer shares will be issued in accordance with Exceptions 1 and 2 to the 15% general mandate under ASX Listing Rule 7.2. Accordingly, the issue of the Placement shares and the Offer shares can be made without prior shareholder approval.

Trading Suspension and Resumption

Trading in Sino Gold’s shares will be suspended on the ASX and the HKSE with effect from 9.30am on Tuesday, 20 May 2008. Trading will resume with effect from 9.30am on Monday, 26 May 2008.

Force Majeure

The Underwriter may terminate the underwriting arrangements (with respect to any of its obligations which have not yet been performed) if any of a number of specified events of force majeure occur on or before completion of the Retail Offer and the Retail Bookbuild. These events will be detailed in the Prospectus for the Offer. There are no equivalent force majeure provisions for the Placement.

Shareholding structure

Set out below is the shareholding structure of Sino Gold (i) as at the date of this announcement; and (ii) immediately after the allotment and issue of the shares pursuant to the first tranche of the Placement; and (iii) immediately after the allotment and issue of the shares pursuant to the AREO and (iv) Immediately after the allotment

and issue of the shares pursuant to the second tranche of the Placement. All references in this announcement to shares in Sino Gold mean fully paid ordinary shares in Sino Gold.

	As at the date of this announcement		Immediately after the allotment and issue of the shares pursuant to the first tranche of the Placement		Immediately after the allotment and issue of the shares pursuant to the AREO		Immediately after the allotment and issue of the shares pursuant to the second tranche of the Placement	
	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%
Gold Fields	37,866,163	15.5	48,866,163	19.2	55,381,651	19.2	57,967,202	19.9
<i>Public</i>								
Other Placees (other than Gold Fields)	-	-	-	-	-	-	-	-
Other public shareholders	205,875,239	84.5	205,875,239	80.8	233,325,271	80.8	233,325,271	80.1
Total	243,741,402	100.0	254,741,402	100.0	288,706,922	100.0	291,292,473	100.0

Information Line

If you are a retail shareholder and you have any questions on your entitlement or whether you are eligible to participate in the Offer, please call the Sino Gold Offer Information Line as follows. Australian or New Zealand shareholders should call 1300 737 760 (local call cost from within Australia) or +61 2 9290 9600 (from outside Australia). Hong Kong shareholders should call +852 2862 8555 .

Enquiries:

Investor Enquiries: Jake Klein, CEO or Roger Howe, Investor Relations
+61 2 8259 7000, info@sinogold.com.au

Media Enquiries: Kate Kerrison
+61 2 6746 3221, kate@katekerrison.com.au

Nominee Enquiries Kelvin Chee, +61 8280 6000, chee@orientcap.com

About Sino Gold

Sino Gold has been active in China since 1996. Sino Gold owns 82% of the Jinfeng gold mine in Guizhou Province, southern China, which has Mineral Resources containing 5.3 million ounces and Ore Reserves containing 3.5 million ounces.

Jinfeng is one of the largest gold mines in China as the mine ramps up to achieve initial planned production of 180,000 ounces per annum. Sino Gold aims to increase Jinfeng's gold production to optimal levels as quickly as possible.

The 95%-owned White Mountain project in Jilin Province, northeast China, is now being developed into Sino Gold's next mine.

In December 2007, Sino Gold completed the takeover of Golden China Resources Corporation and announced the Eastern Dragon acquisition. Sino Gold now has projects that have the potential to increase gold production controlled by the Company towards 500,000 ounces per annum. This increase is anticipated to occur over the next two to three years, assuming permitting procedures and engineering studies are progressed as planned.

Sino Gold is a producing gold company actively pursuing a discovery and acquisition strategy in China. With a “first mover” advantage, it holds a strong competitive position in China.

Sino Gold is listed on the Australian Stock Exchange (ASX Code: SGX) and The Stock Exchange of Hong Kong (HKSE Code: 1862).

Cautionary Statement

This document is not a prospectus and does not constitute an offer of securities. The offer of shares will only be made in, or accompanied by, a copy of the prospectus which will be sent to eligible shareholders. Eligible retail shareholders wishing to acquire shares in the Offer should consider the Prospectus and will need to complete the entitlement and acceptance form that will be in, or will accompany the Prospectus.

This market announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction. Neither the entitlements nor the new shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended, or the securities laws of any state or other jurisdiction of the United States. The entitlements and the new shares may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from registration.

Certain statements contained in this news release constitute forward-looking information within the meaning of securities laws. The words "expect", "will", "intend", "estimate" and similar expressions identify forward-looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by management of Sino Gold are inherently subject to significant business, economic and competitive uncertainties and contingencies. Sino Gold cautions the reader that such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual financial results, performance or achievements of Sino Gold to be materially different from their respective estimated future results, performance or achievements expressed or implied by those forward-looking statements and the forward-looking statements are not guarantees of future performance. These risks, uncertainties and other factors include, but are not limited to: changes in the worldwide price of gold or certain other commodities (such as fuel and electricity) and other currencies; changes in U.S. dollar interest rates or gold lease rates; risks arising from holding derivative instruments; legislative, political or economic developments in the jurisdictions in which Sino Gold carries on business; operating or technical difficulties in connection with mining or development activities; employee relations; availability and increasing costs associated with mining inputs and labour; the speculative nature of exploration and development, including the risks of diminishing quantities or grades of reserves, adverse changes in our credit rating, contests over title to properties, particularly title to undeveloped properties; and the risks involved in the exploration, development and mining business. These factors are discussed in greater detail in statutory releases filed with the applicable securities regulatory authorities.