IMPORTANT

If you are in doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult your stockbroker, bank manager, solicitor, professional accountant or professional adviser.

If you have sold or transferred all your shares in Sino Gold, you should at once hand this Prospectus and the accompanying Entitlement and Acceptance Form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Dealings in the shares of Sino Gold may be settled through CCASS and you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

A copy of this Prospectus together with all documents attached to this Prospectus as specified in Section 9.17 in this Prospectus has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). Neither the Registrar of Companies in Hong Kong, nor the Securities and Futures Commission in Hong Kong, take any responsibility as to the contents of these documents. The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Sino Gold Mining Limited ABN 42 093 518 579

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

(ASX Stock Code – SGX) (HKSE Stock Code – 1862)

PROSPECTUS FOR THE 2 FOR 15 RENOUNCEABLE ENTITLEMENT OFFER OF UP TO 34 MILLION NEW SHARES AT A$4.00/HK$29.80 PER NEW SHARE

SOLE BOOKRUNNER, LEAD MANAGER AND SOLE UNDERWRITER

Goldman Sachs JBWere Pty Ltd

CO-LEAD MANAGER

Morgan Stanley Australia Limited

The latest date and time for acceptance of and payment for New Shares is the Closing Date at the time specified in section 2.5.1 in this Prospectus. Procedures for acceptance of and payment for New Shares are set out in Section 3 in this Prospectus.

Goldman Sachs JBWere Pty Ltd has entered into the Underwriting Agreement, pursuant to which it has agreed to underwrite the Retail Offer to residents of Hong Kong and the Institutional Offer. Goldman Sachs JBWere Pty Ltd may terminate the Underwriting Agreement (with respect to any of its obligations which have not yet been performed) if any of a number of specified events including events of force majeure occur on or before completion of the Retail Offer and the Retail Bookbuild. These events are set out in Section 9.5.3 in this Prospectus.

See the Prospectus for definitions of capitalised expressions used on this page.

This document may not be sent into the United States or to any "US person", as defined in Regulation S under the US Securities Act of 1933, as amended (the "US Securities Act"), except accompanied by the Institutional Offering Memorandum and to a limited number of qualified institutional buyers, as defined in Rule 144A under the US Securities Act, as part of the Institutional Offer, the Institutional Bookbuild and the Retail Bookbuild (as defined herein).

ABOUT THIS PROSPECTUS

This document is important and requires your immediate attention. You should read this entire Prospectus carefully before deciding whether to invest in the New Shares and completing and lodging an Entitlement and Acceptance Form. In particular, you should consider the risk factors (set out in Section 8) that could affect the financial performance of Sino Gold before deciding what course of action to follow. You should consider these factors in light of your personal circumstances (including financial and taxation issues).

The information provided in this Prospectus is not investment advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Please carefully read the instructions on the accompanying Entitlement and Acceptance Form. If you have any questions you should consult your professional adviser before deciding to invest.

This Prospectus is dated Monday, 26 May 2008 and was lodged with ASIC on that date. A copy of this Prospectus, together with the documents referred to in Section 9 of this Prospectus, have also been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies Ordinance. The Registrar of Companies in Hong Kong takes no responsibility for the contents of any of these documents. This Prospectus expires on 25 June 2009 ("Expiry Date"). No New Shares will be issued on the basis of this Prospectus later than the Expiry Date.

Application has been made to the HKSE Listing Committee for quotation of the New Shares on HKSE. Sino Gold will apply within seven days of the date of this Prospectus for the quotation of the New Shares on ASX. Neither ASIC, ASX nor HKSE takes any responsibility for the contents of this Prospectus nor for the merits of the investment to which this Prospectus relates.

PROSPECTUS AVAILABILITY

Eligible Retail Shareholders will be mailed a copy of the Prospectus, together with a personalised Entitlement and Acceptance Form.

Eligible Retail Shareholders who reside in Australia, New Zealand or Hong Kong can obtain a copy of this Prospectus during the period of the Offer on Sino Gold's website at www.sinogold.com.au or by calling the Sino Gold Offer Information Line.

Australian and New Zealand Eligible Retail Shareholders should call 1300 737 760 (within Australia) or on +61 2 9290 9600 (from outside Australia) between 8.30am and 5.00pm (Sydney Time) Monday to Friday during the Offer Period to find out your Entitlement and be sent your personalised Entitlement and Acceptance Form.

Hong Kong Eligible Retail Shareholders should call +852 2862 8555 between 9.00am and 6.00pm (Hong Kong Time) Monday to Friday except holidays during the Offer Period to find out your Entitlement and be sent your personalised Entitlement and Acceptance Form.

If you are an Eligible Retail Shareholder and access the electronic version of this Prospectus you should ensure that you download and read the entire Prospectus. The electronic version of this Prospectus will not include an Entitlement and Acceptance Form.

You will only be entitled to exercise your Entitlement in relation to New Shares by completing the Entitlement and Acceptance Form, which accompanies this Prospectus (refer to Section 3.1 for further information), or paying by BPAY® (for Australian and New Zealand Eligible Retail Shareholders).

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the website is incorporated by reference in this Prospectus.

The Corporations Act and Companies Ordinance prohibit any person from passing the Entitlement and Acceptance Form on to another person unless it is attached to a hard copy of the Prospectus or a complete and unaltered electronic version of the Prospectus.

Neither this Prospectus nor any Entitlement and Acceptance Form may be sent to Shareholders or investors outside Australia, New Zealand or Hong Kong.

AVAILABILITY OF FINANCIAL REPORTS AND DISCLOSURE NOTICES

Sino Gold is a "disclosing entity" for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Copies of documents lodged with ASIC in relation to Sino Gold may be obtained from, or inspected at, an ASIC office. Investors have a right to obtain a copy of any of the following documents:

- the last annual financial report lodged with ASIC by Sino Gold; and
- any continuous disclosure notices given by Sino Gold after lodgement of that annual financial report and before lodgement of this Prospectus with ASIC.

Sino Gold will give, free of charge, a copy of any of these documents to any recipient of this Prospectus who requests them during the Offer Period. The financial report for the year ended 31 December 2007, together with copies of continuous disclosure documents lodged with ASX, can be viewed on Sino Gold's website, www.sinogold.com.au.

AUSTRALIA, NEW ZEALAND AND HONG KONG

This Prospectus contains an Offer to Eligible Retail Shareholders in Australia, New Zealand or Hong Kong of continuously quoted securities (as defined in the Corporations Act) of Sino Gold, and has been prepared in accordance with section 713 of the Corporations Act. The New Shares being offered under this Prospectus are offered to Eligible Retail Shareholders in New Zealand in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). This Prospectus is not an investment statement or prospectus under New Zealand law, and may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain. A copy of this Prospectus together with all documents attached to this Prospectus as specified in Section 9.17 has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong).

FOREIGN JURISDICTIONS

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register the New Shares or otherwise permit an offering of New Shares in any jurisdiction outside Australia, New Zealand and Hong Kong. The Offer is not being extended to any Shareholder outside Australia, New Zealand and Hong Kong, other than to Eligible Institutional Shareholders as part of the Institutional Offer and to Institutional Investors as part of the Institutional Bookbuild and the Retail Bookbuild. This Prospectus does not constitute an offer of securities in the United States or to any US Persons, or to any person acting for the account or benefit of a US Person.

The distribution of this Prospectus (including an electronic copy) outside Australia, New Zealand and Hong Kong may be restricted by law. If you come into possession of this Prospectus, you should observe any such restrictions and should seek your own advice on such restrictions. Any failure to comply with such restrictions may contravene applicable securities laws. The return of a duly completed Entitlement and Acceptance Form or payment of the Application Monies for New Shares by BPAY® will be taken by Sino Gold to constitute a representation and warranty made by the Applicant to Sino Gold that there has been no breach of such laws and that all necessary approvals and consents have been obtained. This Prospectus may not be distributed to, or relied upon by, persons in Canada, the United States or who are US Persons, unless accompanied by the relevant institutional offering memorandum as part of the Institutional Offer, the Institutional Bookbuild or the Retail Bookbuild.

Neither the Entitlements nor the New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. The Entitlements may not be taken up by persons in the United States or by, or for the account or benefit of, a US Person, and the New Shares may not be offered, sold or resold in the United States or to, or for the account or benefit of, a US Person, except in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

See Section 2.8 for further details.

PRIVACY

As an existing Shareholder, Sino Gold and the Australian Share Registry or Hong Kong Share Registrar already hold personal information about you. If you apply for New Shares, Sino Gold and the Australian Share Registry or Hong Kong Share Registrar may update that personal information and collect additional personal information about you. Such information may be used to assess your application, service your needs as a Shareholder, provide facilities and services that you request and carry out appropriate administration (such as ongoing administration of the register and preparation and distribution of Shareholder information) and otherwise for purposes authorised by the Privacy Act and the Personal Data (Privacy) Ordinance.

Sino Gold and the Australian Share Registry or Hong Kong Share Registrar may also disclose your personal information to each other and to their agents, contractors, third party service providers and the Lead Manager for the purposes described above and otherwise as authorised by the Privacy Act and the Personal Data (Privacy) Ordinance.

If personal information about you is not provided to Sino Gold and the Australian Share Registry or Hong Kong Share Registrar they may not be able to process your application.

In most cases you can gain access to your personal information held by (or on behalf of) Sino Gold and the Australian Share Registry or Hong Kong Share Registrar. Sino Gold and the relevant Share Registry aim to ensure that the personal information they retain about you is accurate, complete and up to date. To assist with this, please contact them if any of the details you have provided to them change. If you have concerns about the completeness or accuracy of the information Sino Gold, the Australian Share Registry or the Hong Kong Share Registrar have about you, they will take steps to correct it. You can request access to your personal information held by Sino Gold or the relevant Share Registry by telephoning or writing to:

Registries Limited, GPO Box 3993, Sydney NSW 2001, Australia, or by telephone: 1300 737 760 (within Australia) or +61 (2) 9290 9600 (outside Australia)

Computershare Hong Kong Investor Services Limited, Rooms 1806-1807, 18/F, 183 Queen's Road East, Wanchai, Hong Kong, or by telephone: +852 2862 8555

DISCLAIMER

No person is authorised to give any information or make any representation in connection with the Offer described in this Prospectus, which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by Sino Gold in connection with the Offer.

FUTURE PERFORMANCE

Except as required by law, and then only to the extent required, neither Sino Gold nor any other person warrants the future performance of Sino Gold or any return on any investment made pursuant to this Prospectus. Some of the information contained in this Prospectus constitutes forward-looking statements that are subject to various risks and uncertainties. These statements discuss future objectives or expectations concerning results of operations or financial condition or provide other forward looking information. Sino Gold's actual results, performance or achievements could be significantly different from the results or objectives expressed in, or implied by, those forward-looking statements. This Prospectus details some important factors that could cause Sino Gold's actual results to differ from the forward-looking statements made in this Prospectus.

Further details regarding these risks, and other risks which may affect Sino Gold or an investment in Sino Gold, are contained in Section 8 of this Prospectus.

FINANCIAL AMOUNTS

Money as expressed in this Prospectus is in Australian dollars unless otherwise indicated.

DEFINITIONS AND ABBREVIATIONS

Defined terms and abbreviations used in this Prospectus are explained in the Glossary at the end of this Prospectus.

UP-TO-DATE INFORMATION

Information relating to the Offer may change from time to time. Where such changes are not materially adverse to Shareholders this information may be updated and made available to you on our website at www.sinogold.com.au or by contacting us on 1300 737 760 (within Australia), +61 2 9290 9600 (from Outside of Australia) or +852 2862 8555 (within Hong Kong).

A paper copy of any updated information is available free on request.

Over the past 12 months, Sino Gold has consolidated its position as the leading foreign gold company in China, with a strong growth profile, enhanced competitiveness and increasing cashflows.

The transactions outlined in this Prospectus represent the next step in the development of Sino Gold by increasing the Company's leverage to the gold price, providing increased financial flexibility, and enabling the Company to generate higher cashflows from operations.

Sino Gold is seeking to raise up to A$136 million.

The purpose of the Offer is to increase Sino Gold's exposure to the spot gold price and provide funds for general corporate purposes. Specifically, the uses to which Sino Gold intends to apply the funds raised by the Offer are as follows:

- close out the Gold Forward Sales Contracts, which totalled approximately 278,657 ounces as at 30 April 2008
- provide funds for acquisitions, development and exploration expenditure, working capital and general corporate purposes

Further details regarding the intended use of funds raised by the Offer are set out in Section 2.

TABLE OF CONTENTS

EVENT	BUSINESS DAY
Settlement of the first tranche of the Placement	Thursday, 22 May 2008
Latest time for lodging transfers of shares in Hong Kong in order to qualify for the Retail Offer (4.00pm Hong Kong Time)	Thursday, 22 May 2008
Record Date (7.00pm Sydney Time/5.00pm Hong Kong Time) – Register of members of the Company to be closed	Friday, 23 May 2008
Register of members of the Company to be re-opened	Monday, 26 May 2008
Lodgment of Prospectus with ASIC and HKSE	Monday, 26 May 2008
Date by which Prospectus will be dispatched to Eligible Retail Shareholders	Thursday, 29 May 2008
Opening Date for the Retail Offer	Thursday, 29 May 2008
Settlement of Institutional Offer	Monday, 2 June 2008
Allotment of New Shares under the Institutional Offer. Dispatch of Holding Statements	Tuesday, 3 June 2008
Closing Date and time for the Retail Offer (Latest time for acceptance of and payment for New Shares)	Thursday, 12 June 2008
• Eligible Retail Shareholders in Australia or New Zealand	5.00pm Sydney Time
• Eligible Retail Shareholders in Hong Kong	4.00pm Hong Kong Time
Retail Bookbuild	Thursday, 19 June 2008
Announcement of results of Retail Offer and Retail Bookbuild (latest date for the Retail Offer to become unconditional)	Friday, 20 June 2008
Settlement of Retail Offer (latest date for Underwriting Agreement to become unconditional in respect of the Retail Offer in Hong Kong) and the second tranche of the Placement	Wednesday, 25 June 2008
Allotment of New Shares under the Retail Offer (New Shares are entered in the Company's Share Registries)	Thursday, 26 June 2008

Dispatch of Certificates for New Shares in the Hong Kong Share Register . . . . Thursday, 26 June 2008

Dispatch of Holding Statements for New Shares in the Australian Share Registry . . . . Friday, 27 June 2008

Dealings in Retail Offer New Shares commences on a normal settlement basis . . . . Friday, 27 June 2008

Dispatch of cheques to non-participating retail shareholders in Hong Kong . . . . Friday, 27 June 2008

Dispatch of cheques to non-participating retail shareholders in Australia . . . . Wednesday, 2 July 2008

The latest time for acceptance of and payment for New Shares will not take place if there is:

- a tropical cyclone warning signal number 8 or above, or
- a "black" rainstorm warning

  (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Closing Date. Instead the latest time of acceptance of and payment for New Shares will be extended to 5:00p.m. (Hong Kong time) on the same Business Day;

  (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00p.m. on the Closing Date. Instead the latest time of acceptance of and payment for New Shares will be rescheduled to 4:00p.m. (Hong Kong time) on the following Business Day which does not have either of those warnings in force at any time between 9:00a.m. and 4:00p.m.

If the latest time for acceptance of and payment for New Shares does not take place on the Closing Date, the dates mentioned in the section headed "Key Dates" in this prospectus may be affected. An ASX announcement and a press announcement in Hong Kong will be made by the Company in such event.

The above timetable is indicative only. Sino Gold, in conjunction with the Lead Manager reserves the right to amend any or all of these dates and times subject to the Corporations Act, ASX Listing Rules, HKSE Listing Rules and other applicable laws. In particular, Sino Gold reserves the right to extend the Closing Date for the Retail Offer, to accept late Applications either generally or in particular cases, to defer the Retail Bookbuild, or to withdraw the Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from and approval of ASX and the Listing Committee of HKSE granting the listing of, and permission to deal in, the New Shares.

Offer Price	A$4.00 or HK$29.80 per New Share
Entitlement	2 New Shares for every 15 Existing Shares held at Record Date by an Eligible Retail Shareholder
Number of New Shares to be Issued under the Offer	Up to 34 million
Gross Offer proceeds. .	Up to A$136 million
Gross Placement proceeds	A maximum amount of A$68 million, subject to adjustment, as set out in Section 2.7

WHAT SHOULD I DO?

This Prospectus contains important information in relation to the Offer. You should read it carefully and in its entirety, including Section 8 which contains a summary of the major risks associated with an investment in Sino Gold. If you are in doubt as to the course you should follow, you should seek appropriate professional advice before making an investment decision.

If you are an Eligible Retail Shareholder, you may either commit to take up all or some of your Entitlement or decline to take up your Entitlement (see Section 3 for further details).

26 May 2008

Dear Shareholder,

On behalf of the Board of Sino Gold Mining Limited ("Sino Gold"), I am pleased to invite you to participate in this Retail Offer which forms part of the overall Offer of New Shares in Sino Gold.

Sino Gold is seeking to raise up to approximately A$136 million through the Offer. The proceeds of the Offer will be primarily used to restructure the Company's financial arrangements, specifically to close out the Gold Forward Sales Contracts. Concurrently with the Offer, Sino Gold is conducting a Placement to raise up to $A68 million, as described in Section 2.7 of this Prospectus. Further details regarding the intended use of funds raised by the Offer are set out in Section 2 of this Prospectus.

The equity raising and ensuing application of the proceeds is expected to provide Shareholders with a number of key benefits including:

- pure exposure to the spot gold price, providing investors with unhedged leverage to future movements in gold prices;
- strengthening and enhancement of the flexibility of Sino Gold's capital structure through removal of the Gold Forward Sales Contracts;
- improving the Company's ability to undertake growth opportunities and fund upcoming project capital expenditure; and
- increased cash flows in the near term.

The Offer is made up of several components. The Institutional Offer and Institutional Bookbuild have already been conducted and have raised approximately A$103 million. This Prospectus relates only to the Retail Offer which will raise up to approximately A$33 million. The Institutional Offer and the Retail Offer to Eligible Retail Shareholders in Hong Kong are fully underwritten by Goldman Sachs JBWere.

Under this Prospectus, Eligible Retail Shareholders will have the opportunity to subscribe for 2 New Shares for every 15 Sino Gold Shares held at 7.00pm (Sydney Time) on Friday, 23 May 2008. The Offer Price of the New Shares will be A$4.00 per New Share (or HK$29.80 per New Share for Hong Kong shareholders). The A$ Offer Price represents a 24.8% discount to the closing market price of Shares on the ASX on Monday, 19 May 2008, the last trading day on the ASX prior to the announcement of the Offer. The HK$ Offer Price represents a 24.3% discount to the closing market price of Shares on the HKSE on Monday, 19 May 2008, the last trading day on the HKSE prior to the announcement of the Offer. New Shares will rank equally from allotment with Existing Shares in all respects including being entitled to any dividends subsequently declared.

Should you choose not to take up any or all of your Entitlement under the Offer, your Shares will be placed into the Retail Bookbuild (to be conducted on Thursday, 19 June 2008) and sold to Institutional Investors. For each Share you elect not to apply for under your Entitlement, you will receive the excess, if any, of the clearing price for the Retail Bookbuild above the Offer Price.

I encourage you to carefully read this Prospectus before making your investment decision. Sections 4 and 5 provide more information about Sino Gold. A description of risk factors that a Shareholder might wish to consider in making an investment decision is set out in Section 8. This Prospectus is accompanied by an Entitlement and Acceptance Form. For information on how to take up your Entitlement, you should refer to section 3. The Retail Offer closes at 5.00pm Sydney Time (and 4.00pm Hong Kong Time) on Thursday, 12 June 2008.

If you have any questions in respect of the Offer, please call the Sino Gold Offer Information Line on 1300 737 760 (toll free from within Australia), +61 2 9290 9600 (from outside Australia) or +852 2862 8555 (within Hong Kong) or consult your stockbroker, accountant, solicitor, tax adviser or other professional adviser.

Gold Fields Australasia, Sino Gold's largest holder, took up its full Entitlement under the Institutional Offer. Gold Fields Australasia is also subscribing for Shares pursuant to the Placement, as described in Section 2.7. Upon settlement of the issuance of Shares pursuant to the Placement, Gold Fields Australasia will hold approximately 19.9% of the issued Shares in Sino Gold.

Whilst Directors cannot guarantee the future performance of the Shares, I commend the Retail Offer to you and thank you for your continuing support.

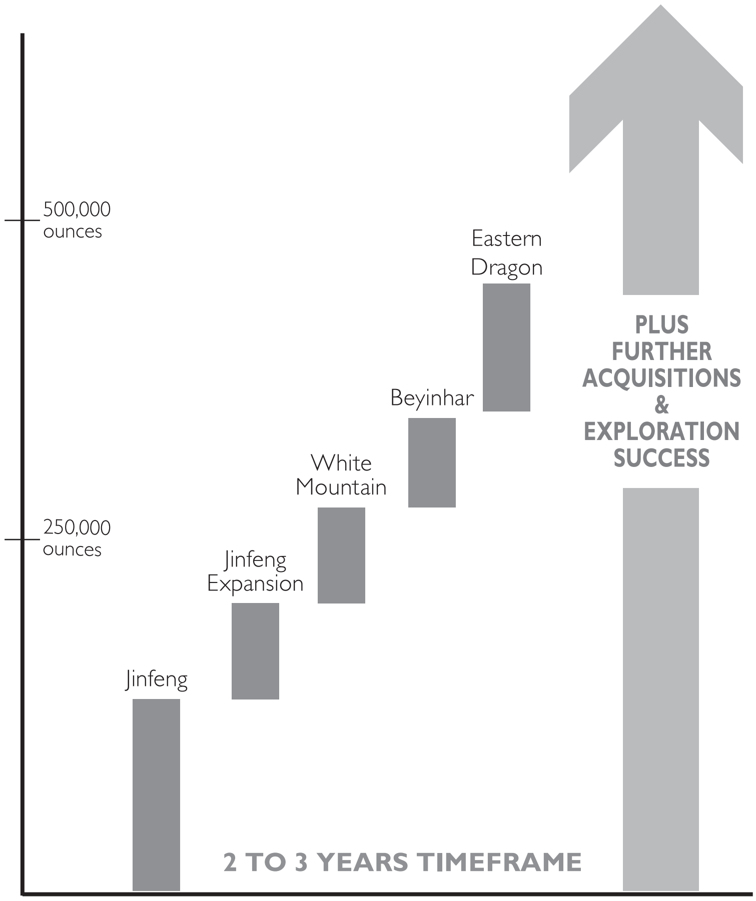
Yours sincerely,

James Askew

SIGNIFICANT DEVELOPMENT PIPELINE

Through successful exploration and acquisition, Sino Gold has established a portfolio of 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:

- White Mountain commissioning on track for late 2008, with forecast gold production averaging approximately 65,000 to 70,000 ounces per annum from 2010
- Jinfeng underground development which will contribute the majority of Jinfeng ore production from early 2010, plus potential plant improvements and expansion
- Engineering studies underway for Eastern Dragon and Beyinhar developments



Building the next intermediate gold company

STRONG RELATIONSHIPS AND DEPTH OF EXPERIENCE IN THE PRC

Sino Gold was one of the first foreign companies to operate a gold mine in the PRC having initiated development of the Jianchaling gold mine in 1996, through its predecessor company Sino Mining International Limited. As a result, Sino Gold has considerable experience in dealing with, and has developed working relationships with, provincial and central levels of government, semi-governmental bodies, engineering and construction groups and suppliers across the PRC.

Sino Gold has a significant presence in the PRC and has the infrastructure and manpower in place to identify, acquire, explore and develop new gold projects more efficiently than companies without a comparable presence in the PRC. The recent acquisition of the highly prospective Eastern Dragon Project is testament to Sino Gold's capabilities in the PRC.

PURE EXPOSURE TO SPOT GOLD PRICES AND IMPROVED FINANCIAL FLEXIBILITY

Funds raised from this Offer will be used to close out the Gold Forward Sales Contracts. This will provide investors with unhedged leverage to future movements in the gold price.

Sino Gold will be able to sell its gold at prevailing market prices and, with gold recently trading at record highs, this will provide a significant increase in near term cash flows.

Closing out the Gold Forward Sales Contracts will enhance the Company's ability to pursue growth opportunities and improve its capacity to fund its project developments.

EXPLORATION UPSIDE

Sino Gold has a significant exploration presence in the PRC. It spent A$18.4 million on exploration in 2007 and has committed a similar amount for 2008. The Company has an enviable track record of success — gold resources controlled by the Company have increased by an average of one million ounces per year over the past five years and now total more than eight million ounces.

KEY RISKS RELATING TO THE COMPANY AND ITS BUSINESS

- If Sino Gold is not profitable in the future, its share price could fall
- Sino Gold's ore reserves and mineral resources are estimates based on a number of assumptions, any adverse changes in which could require the Company to lower its ore reserves and mineral resources
- Sino Gold may not meet key production and other cost estimates
- Sino Gold could encounter difficulty meeting its capital expenditure requirements in the future
- The indebtedness of Sino Gold and its Subsidiaries and the conditions imposed on Sino Gold by its financing agreements could materially and adversely affect Sino Gold's business and results of operations
- Fluctuations in the market price for gold could materially and adversely affect Sino Gold's business and results of operations
- Fluctuations in exchange rates could materially and adversely affect Sino Gold's operating cash flows and profitability
- Sino Gold could incur losses or lose opportunities as a result of the derivative instruments Sino Gold holds
- Sino Gold's operations depend on an adequate and timely supply of water, electricity, chemicals and other critical supplies
- Sino Gold relies substantially on third party contractors to conduct its operations
- Sino Gold's mining operations face material risk of liability, delays and increased production costs from design defects, environmental and industrial accidents, and other factors
- Sino Gold's operations are exposed to risks in relation to the mishandling of dangerous articles
- Severe weather conditions could materially and adversely affect Sino Gold's business and results of operations
- Any disputes or disagreements with Sino Gold's CJV partners could materially and adversely affect Sino Gold's business and results of operations
- If Sino Gold is unable to attract, retain and train key personnel, Sino Gold's business and results of operations could be materially and adversely affected
- Sino Gold's insurance coverage could prove inadequate to satisfy potential claims
- Any defects in the titles to Sino Gold's mining properties could prevent or severely curtail Sino Gold's use of the affected properties
- Sino Gold's mining rights and exploration rights may be infringed by others

- Sino Gold's operations are subject to extensive government regulations that could cause Sino Gold to incur costs that materially and adversely affect Sino Gold's business and results of operations

- Sino Gold expects to produce a significant amount of wastewater and tailings as by-products of Sino Gold's mining activities, which could expose Sino Gold to material liabilities

- Sino Gold's mining operations have a finite life and eventual closure of these operations will entail costs and risks regarding ongoing monitoring, rehabilitation and compliance with environmental standards

- Any failure by or inability of Sino Gold to obtain, retain, or renew required government approvals, permits and licences for its mining and exploration activities or renewals thereof could materially and adversely affect Sino Gold's business and results of operations

- It could be difficult for investors to enforce any judgment obtained outside Australia, Hong Kong or the PRC against Sino Gold or any of its associates

- Sino Gold and/or its Subsidiaries may undertake strategic acquisitions or investments, which may prove to be difficult to integrate and manage or may not be successful

RISKS RELATED TO THE INDUSTRY

- Exploration of mineral properties is highly speculative in nature, requires substantial upfront expenditures and is often unsuccessful

- Changes in the laws and regulations relating to the gold industry to which Sino Gold is subject could materially and adversely affect its business and results of operations

- Sino Gold's ability to obtain gold resources in the future could be materially and adversely affected by competition from other companies

RISKS RELATED TO THE PRC

- Political, economic, legal and taxation developments, as well as PRC government policies, could materially and adversely affect Sino Gold's business and results of operations

- There are uncertainties regarding the interpretation and enforcement of PRC laws and PRC regulations

- Changes in foreign exchange regulations could materially and adversely affect Sino Gold's business and results of operations

- The outbreak, or threatened outbreak, of any severe communicable disease in the PRC, could materially and adversely affect Sino Gold's business and results of operations

- Restrictions on foreign investment in the PRC mining industry could materially and adversely affect Sino Gold's business and results of operations

GENERAL EQUITY MARKET RISKS

- There are general market risks associated with any investment on the ASX or HKSE

  Please refer to Section 8 for further details of each of the above risk factors.

THE OFFER		WHERE TO FIND MORE INFORMATION
What is the purpose of the Offer?	Sino Gold will use the proceeds from the Offer to close out the Gold Forward Sales Contracts and for working capital and general corporate purposes.	Page vi "Purpose of the Offer"
What is the Offer?	The Offer is a renounceable accelerated pro-rata entitlement offer by Sino Gold to Eligible Shareholders.	Section 2
What is the Placement?	The Placement is a placement of Shares to Gold Fields Australasia, the largest Shareholder in Sino Gold.	Section 2.7
What is my Entitlement?	Each Eligible Shareholder is entitled to subscribe for 2 New Shares for every 15 Shares held on the Record Date.	Section 2.5
What is the Offer Price?	• The Offer Price is A$4.00 or HK$29.80 per New Share. • The HK$ Offer Price was calculated using the A$/HK$ exchange rate of 1:7.4489 at the Latest Practical Date.	
How much will be raised through the Offer?	Sino Gold is seeking to raise up to A$136 million under the Offer. Concurrently with the Offer, Sino Gold is conducting the Placement, which will raise up to A$68 million, as described in Section 2.7.	Sections 2.3 and 2.7

THE OFFER		**WHERE TO FIND MORE INFORMATION**
Who can participate in the Retail Offer?	An Eligible Retail Shareholder for the Retail Offer is a person who: • is registered as a Sino Gold ordinary shareholder at 7.00pm (Sydney Time) Friday, 23 May 2008 (the Record Date); • has a registered address in Australia, New Zealand or Hong Kong; • is not located in the United States and is not a US Person or acting for the account or benefit of a US Person; • is not a resident of Canada; • is not an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder; • does not hold Shares as a result of post ex date transactions which are disregarded in accordance with the waivers granted by ASX; and • is eligible under all applicable securities laws to receive an offer under the Retail Offer.	Section 2.5
What is the effect of the Offer on Sino Gold?	The financial effect of the Offer on Sino Gold is explained in Section 6.	Section 6
How is the Offer structured?	The Offer is an accelerated renounceable pro rata entitlement offer comprising the following four steps: 1. Institutional Offer 2. Institutional Bookbuild 3. Retail Offer 4. Retail Bookbuild Steps 1 and 2 above have already occurred. Concurrently with the Offer, Sino Gold is conducting the Placement, which will raise up to A$68 million, as described in Section 2.7.	Sections 2.1, 2.5, 2.6 and 2.7

THE OFFER		WHERE TO FIND MORE INFORMATION
How do I find out what my Entitlement is?	Your Entitlement as an Eligible Retail Shareholder is set out on the personalised Entitlement and Acceptance Form accompanying this Prospectus. If you did not receive your personalised Entitlement and Acceptance Form you should call the Sino Gold Offer Information line: • Australian and New Zealand Eligible Retail Shareholders should call 1300 737 760 (within Australia) or on +61 2 9290 9600 (from outside Australia) between 8.30am and 5.00pm (Sydney Time) Monday to Friday during the Offer Period to find out your Entitlement and be sent your personalised Entitlement and Acceptance Form. • Hong Kong Eligible Retail Shareholders should call +852 2862 8555 between 9am and 6pm (Hong Kong Time) Monday to Friday except holidays during the Offer Period to find out your Entitlement and be sent your personalised Entitlement and Acceptance Form.	Entitlement and Acceptance Form
What can I do with my Entitlement?	There are a number of things that you can do with your Entitlement. You can either: • accept your Entitlement in full; • accept part of your Entitlement; or • not accept your Entitlement. If you do not wish to accept any part of your Entitlement you should do nothing. Entitlements are not transferable.	Sections 2.5, 3.1, 3.2, 9.14.4 and 9.14.5

THE OFFER		WHERE TO FIND MORE INFORMATION
How do I accept my Entitlement under the Retail Offer?	If you wish to accept all or part of your Entitlement: • Eligible Retail Shareholders in Australia or New Zealand should: 1. complete the personalised Entitlement and Acceptance Form accompanying this Prospectus in accordance with the instructions set out on the form, indicating the number of New Shares you wish to acquire (up to your full Entitlement); 2. attach payment for the full amount payable (being A$4.00 multiplied by the number of New Shares that you wish to acquire); and 3. return the Entitlement and Acceptance Form to the Australian Share Registry so that it is received by no later than 5.00pm (Sydney Time) on Thursday, 12 June 2008. Alternatively, you may accept all or part of your Entitlement by BPAY® (before 5.00 pm (Sydney Time) on Thursday, 12 June 2008) in which case the Entitlement and Acceptance Form need not be returned to the Australian Share Registry. • Eligible Retail Shareholders in Hong Kong should: 1. complete the personalised Entitlement and Acceptance Form accompanying this Prospectus in accordance with the instructions set out on the form, indicating the number of New Shares you wish to acquire (up to your full Entitlement); 2. attach payment for the full amount payable (being HK$29.80 multiplied by the number of New Shares that you wish to acquire); and 3. return the Entitlement and Acceptance Form to the Hong Kong Share Registrar so that it is received by no later than 4.00pm (Hong Kong Time) on Thursday, 12 June 2008.	Section 3.1, 3.2

THE OFFER		WHERE TO FIND MORE INFORMATION
What happens if I decide not to accept my Entitlement, or accept only part of my Entitlement?	If you decide not to take up any part of your Entitlement, or to take up less than your full Entitlement, New Shares equivalent to the number that you have not taken up will be offered for subscription under the Retail Bookbuild. If the price at which the New Shares are issued under the Retail Bookbuild is higher than the Offer Price, you will receive the difference between the Offer Price and the price at which the New Shares are issued under the Retail Bookbuild in cash. There can be no guarantee that the price at which the New Shares are issued under the Retail Bookbuild will be higher than the Offer Price or that the price at which New Shares are sold under the Institutional Bookbuild will be matched in the Retail Bookbuild (or vice versa). If you do not take up any part of your Entitlement, or take up less than your full Entitlement, there will be a reduction in your percentage shareholding in Sino Gold following completion of the Offer.	Section 2.5
What happens if I am an Ineligible Shareholder?	If you are an Ineligible Shareholder you will receive a letter telling you so. The New Shares that would have been offered to you had you been an Eligible Retail Shareholder will form part of the Retail Bookbuild. If the price at which the New Shares are issued under the Retail Bookbuild is higher than the Offer Price, you will receive the difference between the Offer Price and the price at which the New Shares are issued under the Retail Bookbuild in cash.	Section 2
What are the rights and liabilities attaching to the New Shares issued under the Offer?	New Shares issued under the Offer will be issued with the same rights and liabilities as Existing Shares.	Section 9.2

THE OFFER		WHERE TO FIND MORE INFORMATION
What are the key risks associated with an investment in New Shares?	The key risks associated with an investment in New Shares are described in detail in Section 8. Some of these risks can be mitigated by the use of contingency plans and safeguards, however many are outside the control of Sino Gold and cannot be mitigated. Investors in Sino Gold are exposed to a number of risks. These can be broadly classified as those that are general to investing in the equity market and those that are specific to an investment in Sino Gold.	Section 8
Is the Offer underwritten?	The Institutional Offer and the Retail Offer to Eligible Retail Shareholders in Hong Kong has been underwritten by Goldman Sachs JBWere. See Section 9.5 for a summary of the terms of the Underwriting Agreement, including the circumstances where Goldman Sachs JBWere may terminate the Underwriting Agreement.	Sections 2.14 and 9.5
Can the Offer be withdrawn?	Yes. The Directors reserve the right to withdraw the Offer and this Prospectus at any time, subject to the Corporations Act, ASX Listing Rules, HKSE Listing Rules and other applicable laws and regulations. If the Offer is withdrawn, Sino Gold will refund Application Monies in accordance with the Corporations Act and will do so without interest.	Section 2.15
What are the fees and costs of the Offer?	The fees and costs associated with the Offer are expected to be A$5 million and will be paid out of the proceeds of the Offer.	Section 9.11
What are the tax implications of the Offer?	A summary of the general Australian tax implications for retail shareholders is set out in Section 9.14.	Section 9.14

THE OFFER		WHERE TO FIND MORE INFORMATION
How can further information be obtained?	Eligible Retail Shareholders in Australia and New Zealand can call the Sino Gold Offer Information Line on 1300 737 760 (within Australia) or on +61 2 9290 9600 (from outside Australia) between 8.30am and 5.00pm (Sydney Time) Monday to Friday during the Offer Period. Eligible Retail Shareholders in Hong Kong can call the Sino Gold Offer Information Line on +852 2862 8555 between 9.00am and 6.00pm (Hong Kong Time) Monday to Friday except holidays during the Offer Period.	

2.1 OVERVIEW OF THE OFFER

Sino Gold is seeking to raise up to approximately A$136 million through the Offer to Eligible Shareholders. Sino Gold is offering Eligible Shareholders the opportunity to subscribe for 2 New Shares for every 15 Shares held on the Record Date. The Offer Price per New Share is A$4.00 or HK$29.80 per New Share. It is expected that up to 34 million New Shares will be issued under the Offer.

The Offer is structured into four parts:

1. **Institutional Offer** — Eligible Institutional Shareholders are approached and required to decide whether or not they will take up their Entitlement.

2. **Institutional Bookbuild** — New Shares equivalent to the number not taken up by the Eligible Institutional Shareholders, together with any New Shares that would have been offered to Ineligible Institutional Shareholders if they had been entitled to participate in the Institutional Offer, are offered under a bookbuild to certain Institutional Investors (including those Eligible Institutional Shareholders who took up their full Entitlement).

3. **Retail Offer** — Eligible Retail Shareholders in Australia, New Zealand and Hong Kong are sent this Prospectus together with a personalised Entitlement and Acceptance Form and required to decide whether or not they will take up their Entitlement.

4. **Retail Bookbuild** — New Shares equivalent to the number not taken up by Eligible Retail Shareholders, together with any New Shares that would have been offered to Ineligible Retail Shareholders if they had been entitled to participate in the Retail Offer, are offered under a bookbuild to certain Institutional Investors (including those Eligible Institutional Shareholders who took up their full Entitlement under the Institutional Offer).

The Institutional Offer was conducted between Monday, 19 May 2008 and Wednesday, 21 May 2008 and the Institutional Bookbuild was conducted between Thursday, 22 May and Friday, 23 May 2008. See Section 2.6 for further details.

Concurrently with the Offer, Sino Gold is conducting the Placement. The first tranche of the Placement raised A$55 million, and settled on Thursday, 22 May 2008. The second tranche of the Placement, which will raise up to A$13 million, as described in Section 2.7, is due to settle on Wednesday, 25 June 2008.

2.2 REASONS FOR USING AN ENTITLEMENT OFFER TO RAISE CAPITAL

The key reasons the Company decided to use an entitlement offer structure to raise capital were that the structure is seen to provide a number of benefits to Sino Gold and Shareholders as a whole:

- Eligible Shareholders have the opportunity to receive some cash for Entitlements not taken up. Ineligible Retail Shareholders and Ineligible Institutional Shareholders also have the opportunity to receive some cash for Entitlements they would have received had they been eligible to participate.

- Any cash amount in excess of the Offer Price realised in the Retail Bookbuild will be distributed pro rata to each Eligible Retail Shareholder (to the extent they did not take up their full Entitlement) and each Ineligible Retail Shareholder. This cash amount (the "Premium") may be zero, or, if it is greater than zero, may be more or less than the Premium, if any, realised in the Institutional Bookbuild and paid to Eligible Institutional Shareholders who did not take up their Entitlements and to Ineligible Institutional Shareholders who were not eligible to participate in the Institutional Offer.

- Eligible Shareholders do not have to pay any brokerage or other transaction costs to receive any Premium or to subscribe for New Shares.

- Eligible Retail Shareholders have the benefit of knowing the outcome of the Institutional Offer and Institutional Bookbuild before deciding whether or not to take up their Entitlement.

- As the Institutional Offer and Institutional Bookbuild were conducted at the beginning of the Offer, Sino Gold will receive approximately A$103 million several weeks before the Retail Offer closes.

2.3 AMOUNT OF THE CAPITAL RAISING

Sino Gold expects to raise up to approximately A$136 million through the Offer before payment of costs associated with the Offer.

2.4 SOURCES AND APPLICATION OF FUNDS

The primary purpose of the offer is to increase Sino Gold's exposure to the spot gold price by closing out the Gold Forward Sales Contracts. As at 30 April 2008, the Gold Forward Sales Contracts covered approximately 278,657 ounces of its production. The Gold Forward Sales Contracts require the Group to sell its gold at an average price of approximately US$525 per ounce which compares unfavourably with the strong current gold spot price of US$910 per ounce as at 19 May 2008. In addition, the removal of the Gold Forward Sales Contracts will provide Sino Gold additional flexibility in the timing and manner in which it may sell its gold.

The Jinfeng CJV is the counterparty to the Gold Forward Sales Contracts. As noted in Section 4.2.1, Sino Gold has an 82% interest in the Jinfeng CJV. Funds raised from the Offer will be used to close out the Gold Forward Sales Contracts in full. Commercial arrangements are expected to be negotiated with Lannigou concerning the balance of the interest in the closed out Gold Forward Sales Contracts.

The Company also intends to retain a portion of the amount raised under the Offer for acquisitions, development and exploration expenditure, working capital and general corporate purposes.

The table below summarises the forecast sources and application of funds from the Offer and the Placement.

	A$'000s
SOURCES OF FUNDS	
Institutional Offer	approx. 103,338
Retail Offer	up to 32,523
Total sources of funds from the Offer	up to 135,861
Placement	up to 68,335[1]
Total sources of funds	**up to 204,196**
APPLICATION OF FUNDS	
Close out Gold Forward Sales Contracts	122,200
Acquisitions, development and exploration expenditure, working capital and general corporate purposes	up to 76,996
Fees and other costs of the Offer	5,000
Total application of funds	**up to 204,196**

1. The maximum amount that may be raised from the Placement is $68 million, which assumes that the second tranche of the Placement occurs at the maximum price of A$5.03 per Share, as described in Section 2.7.

2.5 THE RETAIL OFFER

2.5.1 Overview of Retail Offer

Sino Gold is offering Eligible Retail Shareholders the opportunity to acquire 2 New Shares for every 15 Shares (subject to adjustment for fractions and odd lots as described below in this Section 2.5.1) held at 7.00pm (Sydney Time) on the Record Date at an Offer Price of A$4.00 or HK$29.80 per New Share.

The ratio and Offer Price under the Retail Offer are the same as for the Institutional Offer.

The number of New Shares to which an Eligible Retail Shareholder is entitled is shown on the personalised Entitlement and Acceptance Form that accompanies this Prospectus sent to each Eligible Retail Shareholder. The Retail Offer is only open to Eligible Retail Shareholders. An Eligible Retail Shareholder is a person who satisfies each of the following:

- is registered as a Sino Gold Shareholder as at 7.00pm (Sydney Time) on Friday, 23 May 2008 (the **Record Date**);
- has a registered address in Australia, New Zealand or Hong Kong;
- is not located in the United States and is not a US Person or acting for the account or benefit of a US Person;
- is not a resident of Canada;
- is not an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder;

- does not hold Shares as a result of post ex date transactions which are disregarded in accordance with the waivers granted by ASX; and
- is eligible under all applicable securities laws to receive an offer under the Retail Offer.

Sino Gold, in its absolute discretion, reserves the right to determine whether a Shareholder is an Eligible Retail Shareholder, an Eligible Institutional Shareholder or an Ineligible Shareholder. Sino Gold and the Lead Manager disclaim all liability (to the maximum extent permitted by law) in respect of the determination as to whether a Shareholder is an Eligible Retail Shareholder, an Eligible Institutional Shareholder or an Ineligible Shareholder. This disclaimer on liability applies notwithstanding that the price achieved under the Retail Bookbuild may be higher or lower than the price achieved under the Institutional Bookbuild.

Adjustment for fractions and odd lots

Fractions of New Shares have been rounded down to the nearest whole number.

Shares on the HKSE 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 New Shares constitute a whole board lot.

If Hong Kong Eligible Retail Shareholders do not take up part of their Entitlement, the Shares that are not taken up will be offered under the Retail Bookbuild (as described in Section 2.5.2). If the price at which the New Shares are issued under the Retail Bookbuild (the Retail Clearing Price) is higher than the Offer Price, the difference between the Retail Clearing Price and the Offer Price will be paid on a pro rata basis to Shareholders who did not take up their full Entitlement.

In addition, the Company 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 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 the New Shares is not guaranteed.

Australian and New Zealand Eligible Retail Shareholders

Eligible Retail Shareholders with a registered address in Australia or New Zealand may accept their Entitlement in full or in part by returning their Entitlement and Acceptance Form to the Australian Share Registry together with a cheque, or by paying by BPAY®, so that it is received by no later than 5.00pm (Sydney Time) on Thursday, 12 June 2008 (the Closing Date). For Eligible Retail Shareholders who do not accept the offer in full by the Closing Date, the Offer will lapse in respect of those New Shares which they did not accept. (Refer to Section 3.1)

Payment may be made via cheque or BPAY® by following the instructions set out on the Entitlement and Acceptance Form. Once the Entitlement and Acceptance Form is returned it is irrevocable and may not be withdrawn, except as allowed by law. For further information on how to accept your Entitlement see Section 3.1.

Entitlements are not transferable. However, Ineligible Retail Shareholders and Eligible Retail Shareholders who have not taken up their full Entitlement may receive some value for their Entitlement. See Section 2.5.2 below for details.

Hong Kong Eligible Retail Shareholders

Hong Kong Eligible Retail Shareholders with a registered address in Hong Kong may accept their Entitlement in full or in part by returning their Entitlement and Acceptance Form to the Hong Kong Share Registrar, so it is received by no later than 4.00pm (Hong Kong Time) on the Closing Date. For Eligible Retail Shareholders who do not accept the Offer in full by the Closing Date, the Offer will lapse in respect of those New Shares which they did not accept. (Refer to Section 3.2)

Payment may be made via cheque by following the instructions set out on the Entitlement and Acceptance Form. Once the Entitlement and Acceptance Form is returned it is irrevocable and may not be withdrawn, except as allowed by law. For further information on how to accept your Entitlement see Section 3.2.

Entitlements are not transferable. However, Ineligible Retail Shareholders and Eligible Retail Shareholders who have not taken up their full Entitlement may receive some value for their Entitlement. See Section 2.5.2 below for details.

2.5.2 The Retail Bookbuild

New Shares equivalent to the number in respect of which the Offer to Eligible Retail Shareholders has lapsed, together with any New Shares that would have been offered to Ineligible Retail Shareholders if they had been entitled to participate in the Retail Offer, will be offered under the Retail Bookbuild to Institutional Investors (including those Eligible Institutional Shareholders who took up their full Entitlement under the Institutional Offer). The Retail Bookbuild will be priced in Australian dollars and will include all shares renounced under the Retail Offer, including those renounced by Hong Kong Eligible Retail Shareholders.

If the price at which the New Shares are issued under the Retail Bookbuild (the **Retail Clearing Price**) is higher than the Offer Price, the difference between the Retail Clearing Price and the Offer Price will be paid on a pro rata basis to Ineligible Retail Shareholders and Eligible Retail Shareholders who did not take up their full Entitlement. The Offer Price will be received by Sino Gold as Application Monies for the New Shares.

Hong Kong Eligible Retail Shareholders who do not take up all or part of their Entitlement under the Hong Kong Retail Offer will receive the amount, if any, by which the Retail Clearing Price exceeds the Offer Price in Australian Dollars converted to Hong Kong Dollars at the prevailing foreign exchange rate on the day of settlement of the Retail Offer, Wednesday, 25 June 2008.

There is no guarantee that the price achieved under the Retail Bookbuild will match the price achieved under the Institutional Bookbuild (or vice versa), or that a particular foreign exchange rate will be achieved in converting from Australian dollars to Hong Kong dollars the amount of proceeds, if any, payable to Hong Kong Eligible Retail Shareholders who have renounced part, or all, of their Entitlement. To the maximum extent permitted by law, neither Sino Gold nor the Lead Manager, nor their respective related bodies corporate, nor the directors, officers, employees, agents or advisors of any of them will be liable, including for negligence, for any failure to achieve a price in the Retail Bookbuild or Institutional Bookbuild that is greater than the Offer Price, or achieving a particular Australian dollar/ Hong Kong dollar exchange rate.

2.5.3 No Offer Under the Retail Offer to Participants in the Institutional Offer or Holders of New Shares

The Retail Offer does not constitute an offer to any Eligible Institutional Shareholder who:

- is an Institutional Shareholder who received an Entitlement under the Institutional Offer (whether or not it accepted that offer); or
- is a nominee for such an Institutional Shareholder, in respect of Existing Shares held for such Institutional Shareholder.

Any person allocated New Shares under the Institutional Offer or Institutional Bookbuild does not have any entitlement to participate in the Retail Offer in respect of those New Shares.

2.6 THE INSTITUTIONAL OFFER

2.6.1 Overview of Institutional Offer

The Institutional Offer was conducted between Monday, 19 May 2008 and Wednesday, 21 May 2008. A total of 26 million New Shares were allocated to Eligible Institutional Shareholders and New Institutional Investors under the Institutional Offer and Institutional Bookbuild to raise approximately A$103 million. Settlement of the issue of the New Shares under the Institutional Offer and Institutional Bookbuild is expected to occur on Monday, 2 June 2008.

Eligible Institutional Shareholders are those persons who were registered as the holder of Shares as at 7.00pm (Sydney Time) on Friday, 23 May 2008 (the **Record Date**) (either directly as or through a nominee) and to whom the Company, including through the Lead Manager acting on behalf of the Company, extended an offer to subscribe for New Shares under the Institutional Offer on the basis that they were an Institutional Investor.

The exact number of New Shares to be issued, and the number to be issued under each part of the Offer, will not be known until completion of the Offer for reasons including the rounding of Entitlements, the need to reconcile Entitlements under the Institutional Offer to shareholdings on the Record Date, and the fact that the Retail Offer is not underwritten (except the Retail Offer to Eligible Retail Shareholders in Hong Kong).

2.6.2 Institutional Bookbuild

The Institutional Bookbuild was conducted on Thursday, 22 May 2008 and Friday, 23 May 2008. Eligible Institutional Shareholders and other Institutional Investors were entitled to participate in the Institutional Bookbuild.

The Institutional Clearing Price was A$5.40 per New Share, which represented a A$1.40 premium to the Offer Price. That premium will be paid pro rata to Eligible Institutional Shareholders who did not accept all or part of their Entitlement and to Ineligible Institutional Shareholders with respect to the Entitlement they would have received had they been entitled to participate in the Institutional Offer.

A total of 1.6 million New Shares were allocated to Eligible Institutional Shareholders and Institutional Investors under the Institutional Bookbuild to raise A$9 million. Settlement of the issue of the New Shares under the Institutional Bookbuild is expected to occur on Monday, 2 June 2008.

2.7 PLACEMENT

The Placement is a placement of Shares to Gold Fields Australasia, the largest Shareholder in Sino Gold. The issue price for the first tranche of the Placement was A$5.03 per Share, which represented a 4% discount to the VWAP of Sino Gold on the ASX for the 5 trading days ending on 16 May 2008. The issue price for the first tranche of the Placement is 25.8% higher than the Offer Price. The issue price for the second tranche of the Placement is a price equal to a 4% discount to the VWAP of Sino Gold on the ASX for the 5 trading days ending on the Closing Date, provided that the price for the second tranche will not be greater than the price for the first tranche, and otherwise not less than A$5.00 per Share nor greater than A$5.30 per Share. Accordingly, Section 2.4 assumes a maximum price for the second tranche of A$5.03 per Share. The Placement is structured in 2 parts:

1. the first tranche of the Placement was for 11 million Shares. Settlement of the first tranche of the Placement occurred on Thursday, 22 May 2008;

2. the second tranche of the Placement is for a number of Shares which will result in Gold Fields Australasia holding 19.9% of the issued Shares immediately following settlement of the Retail Offer. The exact number of Shares to be issued pursuant to the second tranche will depend on the number of Shares issued pursuant to the Retail Offer and the Retail Bookbuild. Assuming that the maximum number of Shares is issued pursuant to the Retail Offer and the Retail Bookbuild, the number of Shares to be issued pursuant to the second tranche of the Placement will be up to approximately 3 million Shares. Settlement of the second tranche of the Placement will occur on the same date as settlement of the Retail Offer, being Wednesday, 25 June 2008.

Immediately prior to settlement of the first tranche of the Placement, Gold Fields Australasia held 15.5% of the issued Shares in Sino Gold. Immediately following settlement of the second tranche of the Placement, Gold Fields Australasia will hold 19.9% of the issued Shares in Sino Gold.

The proceeds from the Placement will be used in accordance with the table set out in Section 2.4 of this Prospectus. The proceeds raised from the first tranche of the Placement were A$55 million. Assuming that: (i) the second tranche of the Placement occurs at the maximum price of A$5.03 per Share, and (ii) the maximum number of Shares is issued pursuant to the Retail Offer and the Retail Bookbuild, the proceeds to be raised from the second tranche of the Placement will be A$13 million. If the second tranche of the Placement occurs at less than A$5.03 per Share, or if less than the maximum number of Shares is issued pursuant to the Retail Offer and the Retail Bookbuild, then the proceeds to be raised pursuant to the second tranche of the Placement will be reduced proportionately. In any event, Gold Fields Australasia will hold 19.9% of the issued Shares immediately following settlement of the Retail Offer. The final number of Shares to be issued pursuant to the Placement, the final price for the second tranche, 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). The Shares issued under first tranche of the Placement were issued before the Record Date. Gold Fields Australasia took up its full Entitlement under the Institutional Offer, including its Entitlement arising from the Shares issued under the first tranche of the Placement. The shares issued under the second tranche of the Placement will be issued after the Record Date, and accordingly, Gold Fields Australasia does not have any entitlement to participate in the Offer in respect of those Shares.

2.8 SHAREHOLDERS RESIDENT OUTSIDE AUSTRALIA, NEW ZEALAND AND HONG KONG

This Prospectus and the accompanying Entitlement and Acceptance Form do not constitute an offer or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation. In particular, neither this Prospectus nor the Entitlement and Acceptance Form constitutes an offer of securities in the United States or to, or for the account or benefit of, a US Person.

The making of an Application (whether by the return of a duly completed Entitlement and Acceptance Form or by the making of a BPAY® payment) will be taken by Sino Gold to constitute a representation that there has been no breach of such laws, and that the applicant is an Eligible Retail Shareholder. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how they should proceed. Eligible Retail Shareholders who hold Securities on behalf of persons who are not resident in Australia, New Zealand or Hong Kong are responsible for ensuring that taking up New Shares under the Offer does not breach the selling restrictions set forth in this Prospectus or otherwise violate the securities laws in the relevant overseas jurisdictions.

Each Eligible Retail Shareholder to whom the Retail Offer is made under this Prospectus will be required to acknowledge, represent, warrant and agree (and will be deemed to have done so if it submits a completed Entitlement and Acceptance Form or pays the Application Monies by BPAY®) that:

1. neither the Entitlements nor the New Shares have been, or will be, registered under the US Securities Act or the securities laws of any state or any other jurisdiction in the United States, or in any other jurisdiction outside Australia, New Zealand and Hong Kong, and may only not be offered and sold in transactions exempt from, or not subject to the registration requirements of the US Securities Act and any other applicable securities laws;

2. it is not located in the United States or a US Person and it is not acting for the account or benefit of a US Person or any other foreign person;

3. it will not send this Prospectus, the Entitlement and Acceptance Form or any other material relating to the Offer to any person in the United States or that is a US Person; and

4. either: (a) is not engaged in the business of distributing securities or (b) if it is in such a business, it agrees that it will not offer or resell in the United States or to a US Person (i) any New Shares it acquires under the Offer at any time or (ii) any Shares it acquires other than under the Offer until 40 days after the date on which the New Shares are allocated under the Offer; provided, however, that the foregoing will not prohibit any sale of Shares on ASX or HKSE if neither the seller nor any person acting on its behalf knows, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States.

2.9 RANKING OF NEW SHARES

Each New Share will be issued fully paid. From the date of issue, they will rank equally with Existing Shares. Details of the rights and liabilities attaching to the New Shares are set out in Section 9.2.

2.10 ASX AND HKSE QUOTATION AND TRADING OF NEW SHARES

Sino Gold will apply to ASX within 7 days of the date of this Prospectus for the official quotation of the New Shares. Subject to approval being granted, it is expected that normal trading of New Shares issued under the Institutional Offer will commence on Tuesday, 3 June 2008. It is expected that normal trading will commence in relation to New Shares issued under the Retail Offer and the Retail Bookbuild on Friday, 27 June 2008 following dispatch of holding statements.

Application has been made to the HKSE Listing Committee before the date of this Prospectus for listing of, and permission to deal in, the New Shares.

Subject to the granting of listing of, and permission to deal in the New Shares, the New Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the New Shares on the HKSE or such other dated as determined by HKSCC. Settlement of transactions between participants of the HKSE on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Sino Gold disclaims all liability (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by Sino Gold, the Australian Share Registry, the Hong Kong Share Registrar or the Lead Manager.

2.11 CERTIFICATES

Only certificates for New Shares issued by the Hong Kong Share Registrar will be valid for delivery in respect of dealings effected on the HKSE.

Shares held on the Australian Share Registry are in uncertificated form.

2.12 COMMENCEMENT OF DEALINGS IN THE OFFER SHARES

Dealings in the New Shares on the ASX and HKSE are expected to commence on or about Friday, 27 June 2008. Shares on the HKSE will be traded in board lots of 200 each.

2.13 TAXATION IMPLICATIONS OF THE OFFER

Taxation implications relevant to Australian resident Eligible Retail Shareholders participating in the Retail Offer are explained in detail in Section 9.14.

2.14 UNDERWRITING

The Institutional Offer and the Retail Offer to Eligible Retail Shareholders in Hong Kong are underwritten by Goldman Sachs JBWere. See Section 9.5 for a summary of the Underwriting Agreement, which includes a number of termination events. If the Underwriting Agreement is terminated by Goldman Sachs JBWere, the Offer may not proceed, in which case Application Monies that have not resulted in the issue of New Shares will be refunded without interest.

2.15 WITHDRAWAL OF OFFER

The Directors reserve the right to withdraw the Offer and this Prospectus at any time, in which case Sino Gold will refund Application Monies in accordance with the Corporations Act and will do so without interest.

BEFORE TAKING ANY ACTION IN RELATION TO THE RETAIL OFFER, ELIGIBLE RETAIL SHAREHOLDERS SHOULD READ THIS PROSPECTUS IN ITS ENTIRETY, PARTICULARLY NOTING THE RISKS SET OUT IN SECTION 8.

If you are an Eligible Retail Shareholder with a registered address in Australia, New Zealand or Hong Kong you may either:

- take up all or some of your Entitlement; or
- decline to take up any part of your Entitlement by doing nothing.

If you are an Eligible Retail Shareholder with a registered address in Australia or New Zealand please refer to Section 3.1 for further details.

If you are an Eligible Retail Shareholder with a registered address in Hong Kong please refer to Section 3.2 for further details.

The Offer will lapse in respect of any New Shares you have not applied for under the Retail Offer by 5.00pm Sydney time (and 4.00pm Hong Kong time) on the Closing Date. Sino Gold has made arrangements for these New Shares to be offered for sale under the Retail Bookbuild (see section 2.5.2).

The percentage holding of Eligible Retail Shareholders who do not accept or who partially accept the Offer will be reduced as a result of the Offer.

If you are an Ineligible Shareholder, you may not take up any of, or do anything in relation to, your Entitlement under the Offer.

3.1 AUSTRALIAN AND NEW ZEALAND RETAIL SHAREHOLDERS — REQUIRED ACTIONS

3.1.1 If You Wish to Take Up All or Part of your Entitlement

If you are an Eligible Retail Shareholder with a registered address in Australia or New Zealand, you may choose to take up some or all of your Entitlement by paying by BPAY® or submitting the Entitlement and Acceptance Form accompanying this Prospectus, together with your cheque, bank draft or money order for the Application Monies (being A$4.00 multiplied by the number of New Shares that you have indicated that you wish to acquire up to your Entitlement), so it is received by the Australian Share Registry by 5.00pm (Sydney Time) on Thursday, 12 June 2008. Completed Entitlement and Acceptance Forms should be sent to the following address:

Postal Address:
Sino Gold Entitlement Offer
Registries Limited
GPO Box 3993
Sydney NSW 2001
Australia

Delivery Address:
Sino Gold Entitlement Offer
Registries Limited
Level 7
207 Kent St
Sydney NSW 2000
Australia

Instructions on how to complete the Entitlement and Acceptance Form are set out on the reverse of the form.

Completed Entitlement and Acceptance Forms and Application Monies will not be accepted at Sino Gold's registered office. A reply paid envelope is enclosed for your convenience. If mailed in Australia, no postage stamp is required. If mailed outside Australia correct postage must be affixed. If you have not received a personalised Entitlement and Acceptance Form, please contact the Sino Gold Offer Information Line on 1300 737 760 (from within Australia) or on +61 2 9290 9600 (from outside Australia) between 8.30am and 5.00pm (Sydney Time) Monday to Friday during the Offer Period.

3.1.2 Payment

For Eligible Retail Shareholders with a registered address in Australia or New Zealand, the Offer Price for New Shares is payable in full on application by a payment of A$4.00 per New Share. Entitlement and Acceptance Forms must be accompanied by a cheque for the Application Monies. All cheques, bank drafts or money orders must be expressed in Australian Currency and drawn on an Australian branch of a financial institution in Australia, made payable to "Sino Gold Mining Limited — Entitlement Offer Account" and crossed "Not Negotiable". Payments may be made by BPAY® with the Biller Code and unique reference number printed in section D on the front of your Entitlement and Acceptance Form. Cash will not be accepted. Receipts for payment will not be issued.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies. If the amount of your cheque(s) or BPAY® payments for Application Monies (or the amount for which those cheque(s) clear in time for allocation) is insufficient to pay for the number of New Shares you have applied for in your Entitlement and Acceptance Form, you may be taken to have applied for such lower number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form) or your application may be rejected.

3.1.3 Entitlement and Acceptance Form

Returning a completed Entitlement and Acceptance Form or paying the Offer Price for New Shares will be taken to constitute a representation by the Eligible Shareholder that they:

- have received a printed or electronic copy of the Prospectus (and any supplementary or replacement document) accompanying the form and have read them all in full;
- make the representations, warranties and agreements in Section 2.8;
- declare that all details and statements in the form are complete and accurate;
- acknowledge that once the form is returned or payment made it may not be withdrawn;
- agree to being issued the number of New Shares they applied or paid for (or a lower number issued in a way described in the Prospectus); and
- authorise Sino Gold and the Lead Manager and their officers or agents, to do anything on their behalf necessary for New Shares to be issued to them, including to act on instructions received by the Share Registry using the contact details in the form.

3.1.4 No Interest on Application Monies

Any interest accrued on Application Monies will be retained by Sino Gold and will not be paid to the relevant Eligible Shareholder including if the Offer is cancelled or withdrawn.

3.1.5 Risks and Further Information

This Prospectus contains important information in relation to the Offer. You should read it carefully and in its entirety, including Section 8 which contains a summary of the major risks associated with an investment in Sino Gold. If you are in doubt as to the course you should follow, you should seek appropriate professional advice before making an investment decision.

Any questions relating to the Shares upon which your Entitlement has been calculated and the processing of your application under the Offer can be directed to the Sino Gold Offer Information Line on 1300 737 760 (from within Australia) or on +61 2 9290 9600 (from outside Australia) between 8.30am and 5.00pm (Sydney Time) Monday to Friday during the Offer Period.

3.2 HONG KONG SHAREHOLDERS — REQUIRED ACTIONS

An Entitlement and Acceptance Form accompanying this Prospectus entitles Eligible Retail Shareholders with a registered address in Hong Kong to apply to take up some or all of your Entitlement subject to payment in full on acceptance no later than 4.00pm (Hong Kong time) on Thursday, 12 June 2008.

Eligible Retail Shareholders should note that you may apply for a number of New Shares equal to or less than your Entitlement, which is set out in the Entitlement and Acceptance Form.

3.2.1 If You Wish to Take Up All or Part of Your Entitlement

If you are an Eligible Retail Shareholder with a registered address in Hong Kong and you wish to apply for any number of Shares in your Entitlement as specified in the enclosed Entitlement and Acceptance Form you must complete, sign and lodge the Entitlement and Acceptance Form in accordance with the instructions printed thereon, together with Application Monies for the full amount payable on acceptance in respect of such number of New Shares as you have applied for with the Hong Kong Share Registrar. The Application Monies are HK$29.80 multiplied by the number of New Shares that you have indicated that you wish to acquire up to your Entitlement. Entitlement and Acceptance Forms can be submitted to the address below so it arrives no later than 4.00pm (Hong Kong time) on Thursday, 12 June 2008.

Address:
Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

3.2.2 Adjustment for Fractions and Odd Lots

Fractions of New Shares have been rounded down to the nearest whole number.

Shares on the HKSE 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 New Shares constitute a whole board lot.

In addition, the Company 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 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 the New Shares is not guaranteed.

3.2.3 Entitlement and Acceptance Form

Returning a completed Entitlement and Acceptance Form or paying the Offer Price for New Shares will be taken to constitute a representation by the Eligible Shareholder that they:

- have received a printed or electronic copy of the Prospectus (and any supplementary or replacement document) accompanying the form and have read them all in full;
- make the representations, warranties and agreements in section 2.8;
- declare that all details and statements in the form are complete and accurate;
- acknowledge that once the form is returned or payment made it may not be withdrawn;
- agree to being issued the number of New Shares they applied or paid for (or a lower number issued in a way described in the Prospectus); and
- authorise Sino Gold and the Lead Manager and their officers or agents, to do anything on their behalf necessary for New Shares to be issued to them, including to act on instructions received by the Hong Kong Share Registrar using the contact details in the form.

3.2.4 Payment

All Application Monies from Eligible Retail Shareholders with a registered address in Hong Kong must be paid in Hong Kong Dollars. Cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to Sino Gold Mining Limited — Entitlement Offer Account and crossed "Account Payee Only".

It should be noted that unless the duly completed and signed Entitlement and Acceptance Form, together with the appropriate Application Monies, have arrived with the Hong Kong Share Registrar, by not later than 4.00pm (Hong Kong time) on the Closing Date, you may be taken to have applied for such lower number of New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your Entitlement and Acceptance Form) or your application may be rejected.

The Entitlement and Acceptance Form contains full information regarding the procedures to be followed if you wish to apply for a number of New Shares less than your Entitlement.

Any interest accrued on Application Monies will be retained by Sino Gold and will not be paid to the relevant Eligible Shareholder including if the Offer is cancelled or withdrawn.

The Entitlement and Acceptance Form is for use only by the Eligible Retail Shareholder named therein and is not transferable.

No receipt will be issued in respect of any Application Monies received.

3.2.5 Risks and Further Information

This Prospectus contains important information in relation to the Offer. You should read it carefully and in its entirety, including Section 8 which contains a summary of the major risks associated with an investment in Sino Gold. If you are in doubt as to the course you should follow, you should seek appropriate professional advice before making an investment decision.

Any questions relating to the Shares upon which your Entitlement has been calculated and the processing of your application under the Offer can be directed to the Sino Gold Offer Information Line on +852 2862 8555 between 9.00am and 6.00pm (Hong Kong Time) Monday to Friday except holidays during the Offer Period.

4.1 OVERVIEW

Sino Gold and its predecessor companies have been active in the PRC since 1996. The Company is presently producing gold at its Jinfeng Mine; constructing its second gold mine at White Mountain; and conducting engineering studies at its Eastern Dragon Project and its Beyinhar Project. The locations of Sino Gold's key assets are shown below:

Sino Gold also maintains an active exploration and evaluation program in the PRC. The Company has entered into a number of CJV agreements with local partners over prospective exploration areas and also manages the exploration activities of the SGF Alliance; a strategic alliance with Gold Fields which applies to gold projects:

(1) within a 50 kilometer wide band surrounding Sino Gold's existing projects, possessing the potential of a minimum 5,000,000 ounces of gold and capable of producing at an approximate annual rate of 500,000 ounces of gold; and

(2) elsewhere in the PRC, possessing the potential of a minimum 3,000,000 ounces of gold and capable of producing at an approximate annual rate of 300,000 ounces of gold.

4.2 OPERATING AND DEVELOPMENT PROJECTS OF SINO GOLD

4.2.1 Jinfeng

Jinfeng is Sino Gold's flagship project and is the second largest gold mine in the PRC. Sino Gold has an 82% interest in the Jinfeng CJV. The mine is located in Guizhou Province, 236 kilometres southwest of the provincial capital Guiyang. The area consists of rugged karst topography with vertical relief up to 420 metres. The climate is sub-tropical and humid with an average annual rainfall of 1,200 millimetres which falls primarily from May to August each year.

Sino Gold acquired the Jinfeng deposit in 2001 and completed a bankable feasibility study in April 2004. Construction of the Jinfeng Mine commenced in February 2005 and commercial gold production was achieved in September 2007. The Jinfeng Gold Operating Permit was issued on 25 December 2006 and is valid to 25 December 2016. Sino Gold is likely to seek to negotiate an extension to the operating permit in the future to allow it to continue to operate Jinfeng while it remains economically viable.

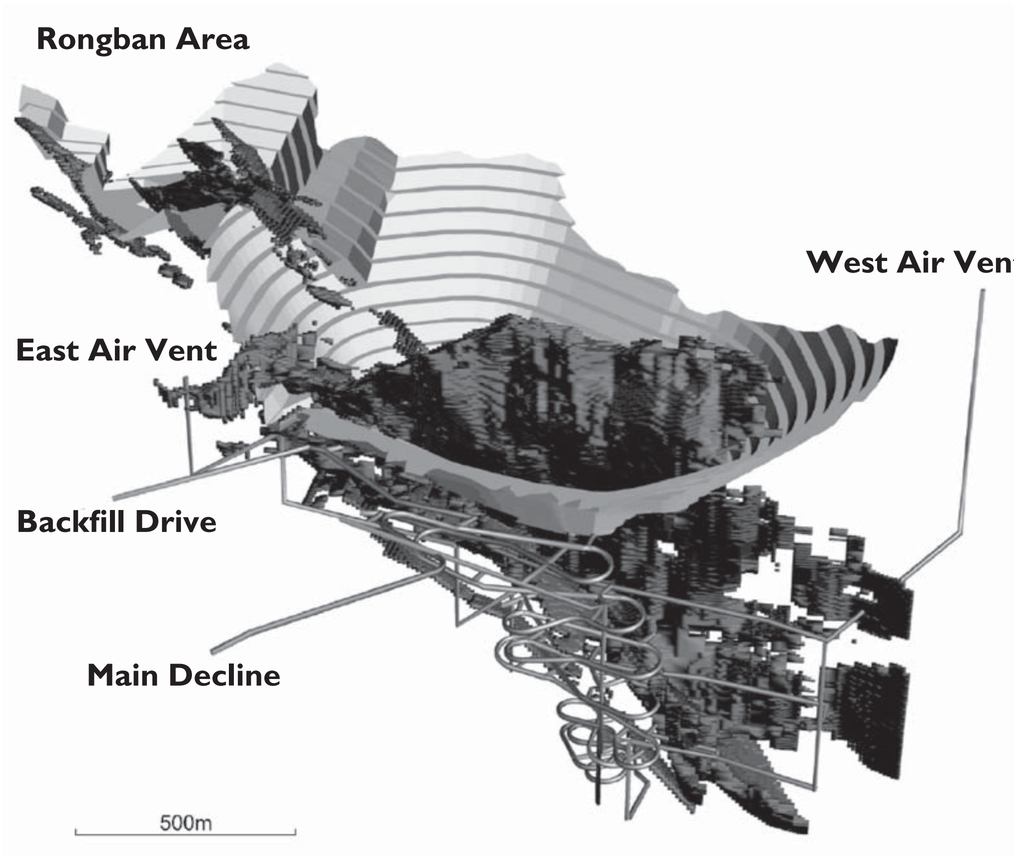
Operations

Commercial gold production commenced at Jinfeng in September 2007. Initial mining of ore has been from the Jinfeng open pit with approximately 692,000 tonnes of ore mined in 2007. By the end of 2007, all areas of the processing plant were performing at design capacity and mill throughput rates were in excess of design capacity.

Operational flexibility will be incorporated into Jinfeng by sourcing ore concurrently from open pit and underground mines. The underground mine is planned to primarily utilise cut-and-fill mining methods and will be accessed via a decline. The decline is currently forecast to reach the first ore horizon during the September 2008 quarter. Development of both the exhaust and fresh air shafts commenced during the December 2007 quarter. Underground development totalled 1,204m to the end of March 2008.

The underground mine will contribute the majority of the mined ore from early 2010. At design capacity the underground mine will operate on three main levels, with each level providing approximately 400,000 tonnes of ore per annum.

A diagram of the Jinfeng orebody is shown below:



Jinfeng ore is refractory in nature with the majority of gold encapsulated in sulphide minerals. As a consequence of the sulphides, the gold is not easily amenable to dissolution in a conventional CIL circuit. In order to extract gold at economic recovery rates, the Jinfeng gold processing plant was designed and constructed utilising BIOX® technology. The BIOX® technology destroys the sulphide minerals and exposes the gold for subsequent CIL processing.

Jinfeng produced 30,976 ounces of gold at a cash operating cost of US$429/ounce for the March 2008 quarter. Gold production was less than originally forecast and the cost per ounce was higher than forecast, primarily due to lower than forecast head grade and operations being limited for approximately three weeks by power restrictions imposed in relation to very severe winter weather across southern China. It is estimated that this power interruption reduced gold production by approximately 7,000 ounces for the quarter.

As at the end of March 2008, mill throughput rates, BIOX® throughput rates and CIL recovery were all at or ahead of design capacity but flotation recovery remained lower than design at 81.2% (versus 91% design). External consultants have been engaged by Sino Gold to assist in improving the flotation circuit performance with the primary focus being on steady state operation, optimisation of reagent addition, minor plant modification and grind size.

Resources and Reserves

The current Mineral Resource estimate for the Jinfeng gold deposit as at 14 April 2008 is described below.

	April 2008		
Resource Category	**Tonnes (millions)**	**Grade (g/t Au)**	**Ounces ('000)**
Measured	19.4	4.8	2,982
Indicated	11.1	4.5	1,595
Subtotal M+I	**30.5**	**4.7**	**4,577**
Inferred	5.4	3.9	676
Total	**35.9**	**4.5**	**5,253**

Measured Resource includes stockpile of 314,377 tonnes at 4.0g/t gold, containing 40,693 ounces.

Mineral Resources are inclusive of Ore Reserves

Above 400m RL, the resource, that is potentially mineable by open-pit methods, is estimated using the Uniform Conditioning method at a cut-off grade of 1.0g/t gold; and below 400m RL, the resource, that is potentially mineable by underground mining methods is estimated using the Conditional Simulation method at a cut-off grade of 2.0g/t.

The current Ore Reserve estimate for the Jinfeng gold deposit as at 14 April 2008 is described below.

	April 2007		
Ore Reserve Category	**Tonnes (millions)**	**Grade (g/t Au)**	**Ounces ('000)**
Proved	14.6	5.1	2,413
Probable	6.1	5.5	1,079
Total	**20.7**	**5.2**	**3,492**

Cut-off grades for the current Ore Reserve estimate are based on a gold price of US$500/oz.

The planned underground mine contains an estimated 2.4 million ounces of Ore Reserves grading 5.8g/t Au, with the remaining 1.1 million ounces contained within the open pit and ore stockpiles.

Based on current Ore Reserves and plant capacity the Jinfeng mine life is 17 years.

Details of the reserve and resource estimate methodology adopted, including a summary of relevant assessment and reporting criteria, are available in the Reserves and Resources section of our website at **www.sinogold.com.au**.

Outlook

Sino Gold is forecasting 2008 Jinfeng gold production of 150,000 to 160,000 ounces at an average cash cost of approximately US$370/ounce. Production and average cash cost performance for the second half of the year are forecast to be better than the first half as throughput rates and recoveries are anticipated to steadily improve over the course of 2008.

The addition of higher grade ore from the underground mine from 2009 onwards is expected to underpin further increases in gold production.

The Jinfeng processing plant is already achieving throughput rates in excess of the nameplate capacity of 1.2 million tonnes per annum. The layout of the plant site has been designed to accommodate an expansion of the treatment capacity. Sino Gold is determined to increase Jinfeng's gold production to optimal level as quickly as possible. The ultimate scale of expansion to the Jinfeng processing plant will be primarily dependent on an assessment during 2008 of the capability of the current plant and mining conditions encountered in the underground mine.

4.2.2 White Mountain

The White Mountain Project is planned to become Sino Gold's next operational gold mine. Major construction commenced in November 2007 following receipt of the Project Development Permit from the Chinese Government. The White Mountain Gold Operating Permit was issued on 20 February 2008 and is valid to 20 February 2018. The White Mountain Mining Licence was granted on 16 April 2008 and is valid until 16 April 2019.

Sino Gold has a 95% interest in the White Mountain CJV. The mine is located in the north east of the PRC near Baishan, 230km south-southeast of Changchun, the capital city of Jilin Province. The area is lightly forested public land, within 2 kilometres of a newly paved concrete road linked to the national highway and railway systems. Grid power and water are readily available at the White Mountain mine site as a consequence of being 7 kilometres from the prefecture level city of Baishan.

Planned Operations

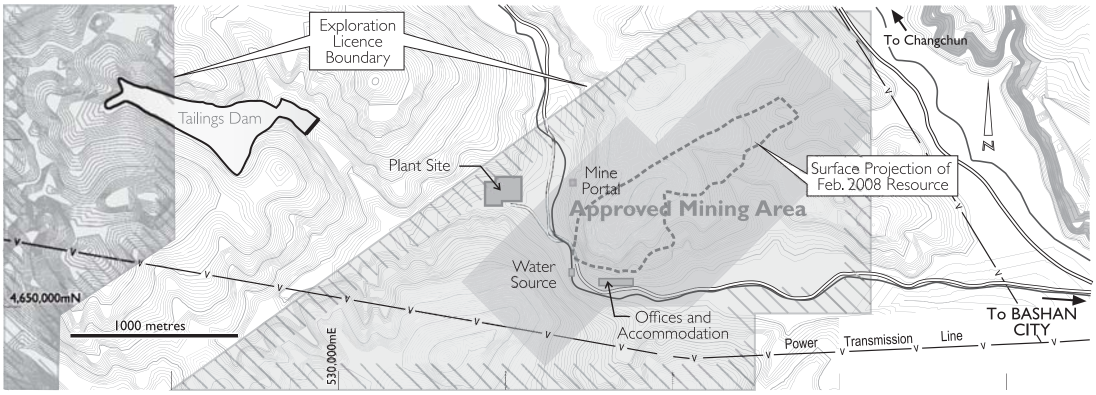
Key operating statistics for the White Mountain operation are planned to be as follows:

- Gold production averaging approximately 65,000 to 70,000 ounces per annum;
- Cash operating costs of less than approximately US$300 per ounce;
- Mill throughput of 650,000 tonnes per annum; and
- Average gold recovery of 80%.

Project development capital costs are estimated to total US$55 million (including project contingency costs). A total of US$16 million of the budgeted project development cost of US$55 million had been incurred by 31 March 2008. Under the agreed project development arrangements, Sino Gold is required to fund the local joint-venture partner's development expenditure.

The White Mountain ore will be accessed from an underground mine via a decline utilising a sub-level open stoping mining method for the steeply dipping portions of the ore body thicker than 10 metres, with the cut-and-fill method being utilised for the remainder of the deposit.

The proposed site layout is shown below:



Metallurgical testing has identified two metallurgical ore types, refractory and non-refractory. Recoveries are nominally 85% for the non-refractory ore and 65% for the refractory ore. The production schedule is based on approximately 10% of the ore being refractory.

Resources and Reserves

The current Mineral Resource estimate for the White Mountain gold deposit as at 13 February 2008 is described below.

	February 2008 (at a 1.0g/t cut-off grade)		
Resource Category	**Tonnes**	**Grade**	**Ounces**
	('000)	**(g/t Au)**	**('000)**
Measured	6,700	3.1	674
Indicated	4,000	3.1	407
Subtotal M+I	**10,700**	**3.1**	**1,081**
Inferred	1,700	2.1	110
Total	**12,400**	**3.0**	**1,191**

Mineral Resources are inclusive of Ore Reserves

The current Ore Reserve estimate for the White Mountain gold deposit as at 13 February 2008 is described below.

	February 2008		
Ore Reserve Category	**Tonnes**	**Grade**	**Ounces**
	('000)	**(g/t Au)**	**('000)**
Proved	4,206	3.7	494
Probable	2,268	4.0	290
Total	**6,474**	**3.8**	**784**

Cut-off grades for the Ore Reserve estimate are based on a gold price of US$650/oz.

Based on current Ore Reserves and planned plant capacity the White Mountain mine life is 10 years.

Details of the reserve and resource estimate methodology adopted, including a summary of relevant assessment and reporting criteria, are available in the Reserves and Resources section of our website at **www.sinogold.com.au**.

Outlook

Development of the White Mountain gold mine remains on-schedule and on-budget to commence commissioning of the processing plant in late 2008, with commercial production expected to be achieved in early 2009.

Detailed engineering design, off-site fabrication and procurement were largely completed as at 31 March 2008. Construction of the processing plant re-commenced in March 2008, after the planned stoppage for winter, with both the plant and tailings dam contractors mobilising to site and commencing steel erection and earthworks.

As the gold mineralisation at White Mountain remains open along strike to the northeast and at depth, Sino Gold intends to continue drilling in 2008 with the aim of further upgrading and expanding resources, as well as discovering near-mine gold resources.

4.2.3 Beyinhar

The Beyinhar Project is an advanced exploration property acquired by Sino Gold in December 2007 through the takeover of Golden China Resources Corporation. Beyinhar is expected to become Sino Gold's third mine and is presently envisaged to be developed as an open-pit mining operation, utilising heap-leach processing, with deeper epithermal gold-sulphide potential.

Sino Gold has a 95% interest in the Beyinhar CJV. The Beyinhar CJV holds an exploration licence over an area of 13.45 square kilometres (valid to 28 December 2009). Sino Gold also has a 100% interest in the exploration licence immediately to the southwest of the Beyinhar CJV. This exploration licence covers an area of 33.04 square kilometres and is valid to 24 October 2009.

The Beyinhar Project is located in the north of the PRC in the Inner Mongolia Autonomous Region, approximately 325km northeast of the capital city, Hohhot. The project area is sparsely inhabited and is approximately 3km from a regional highway and close to grid power. The local topography is relatively flat grassland with a low rainfall climate with hot summers and cold winters.

Planned Operations

The bulk of the Beyinhar resource is situated in the oxide zone and is being considered as a heap-leach, open pit mining operation. A Scoping Study completed in April 2007 demonstrated that a high-tonnage open pit and heap leach project was potentially viable.

Permitting has been progressed on the basis of a 2.5Mtpa heap-leach "starter" operation. The Chinese Feasibility Study to commence permitting this scale operation has been completed. Metallurgical testwork has estimated heap-leach gold recoveries of approximately 90% for near-surface, soft oxide ore and approximately 80% for deeper oxide ore. Limited testwork has been undertaken by Sino Gold on the underlying sulphide mineralisation. It is anticipated that this ore is unlikely to be amenable to heap leach extraction but could potentially be of higher grade.

Resources and Reserves

The current Mineral Resource estimate for the Beyinhar gold deposit as at 5 March 2008 is described below.

	March 2008 (at a 0.20g/t cut-off grade)		
Resource Category	**Tonnes**	**Grade**	**Ounces**
	('000)	**(g/t Au)**	**('000)**
OXIDE			
Measured	1.0	1.06	35
Indicated	28.0	0.61	552
Subtotal M+I	**29.0**	**0.63**	**587**
Inferred	4.6	0.47	69
Total	**33.7**	**0.61**	**656**
SULPHIDE			
Inferred	17.3	0.65	360
Total	**51.0**	**0.62**	**1,016**

Mineral Resources are inclusive of Ore Reserves

The current Ore Reserve estimate for the Beyinhar gold deposit as at 5 March 2008 is described below.

	March 2008		
Ore Reserve Category	**Tonnes**	**Grade**	**Ounces**
	('000)	**(g/t Au)**	**('000)**
Proved	1.0	1.07	35
Probable	20.4	0.71	464
Total	**21.4**	**0.72**	**499**

Cut-off grades for the Ore Reserve estimate are based on a gold price of US$650/oz.

Based on current Ore Reserves and planned "starter" plant capacity the potential Beyinhar mine life is 8.6 years.

Gold mineralisation, both oxide and sulphide, at Beyinhar remains open along strike and sulphide at depth. Drilling planned for 2008 is aimed at extending both the oxide and sulphide resource potential.

Details of the reserve and resource estimate methodology adopted, including a summary of relevant assessment and reporting criteria, are available in the Reserves and Resources section of our website at **www.sinogold.com.au**.

Outlook

The aim of the planned 2008 exploration program is to extend and upgrade both the oxide and sulphide resources. This program will primarily comprise soil geochemistry, ground electrical geophysics (Induced Polarisation) and drilling. Drilling will test for extensions to the oxide resource, which remains open along the southwest-northeast striking Beyinhar Shear Zone. Sulphide mineralisation below the oxide zone has been tested by very limited drilling to date. An extensive diamond drilling program will be aimed at defining high-grade gold mineralisation in the sulphide zone.

Studies and permitting are being progressed with the aim of enabling the Sino Gold Board to approve development of a 2.5Mtpa heap-leach operation in the second half of 2008.

4.2.4 Eastern Dragon

The Eastern Dragon Project is an advanced exploration property acquired by Sino Gold in December 2007. Sino Gold targeted the acquisition of the Eastern Dragon Project having identified the project as the Company's highest priority acquisition target given its high grade resource and potential.

In December 2007, Sino Gold acquired a 72% effective interest in the Eastern Dragon Project by acquiring a 90% interest in Rockmining Group Company Limited (a private Hong Kong based company). Rockmining has an 80% equity interest in Hei He Rockmining Development Limited, which is a joint venture with the local exploration brigade. The joint venture holds the exploration licence (0.14 square kilometres in area) covering the Eastern Dragon Lode 5 gold deposit. Sino Gold has also secured an exclusive right to acquire up to 80% of the surrounding exploration licence (53 square kilometres in area) for a price to be determined by two independent valuations and, failing agreement, at the average of the two valuations.

Sino Gold is currently negotiating to acquire the remaining 10% interest in Rockmining Group Company Limited for US$11.4 million. If these negotiations are successfully completed, Sino Gold will own 100% of Rockmining Group Company Limited, giving Sino Gold an 80% effective interest in the Eastern Dragon Project.

The project is located in the far north east of the PRC in Heilongjiang Province. The area around Eastern Dragon is sparsely populated. The terrain is gently undulating and covered by light birch forest.

A local exploration brigade under the Non-ferrous Metals Geology and Exploration Bureau discovered gold at Eastern Dragon in 1998. The brigade is Sino Gold's partner at the adjacent Sanjianfang Project.

Eastern Dragon Lode 5 has been tested by extensive trenching, diamond drilling and underground development by its previous owner. During 2008, Sino Gold intends to evaluate Lode 5 and also progress the acquisition of the surrounding exploration licence. Sino Gold's immediate target is to verify and convert the Chinese resource at Lode 5 to a JORC standard resource of 600,000 to 800,000 ounces of contained gold potentially grading in the range of 7g/t to 8g/t gold with silver grades in the range of 70g/t to 75g/t. This conceptual target is based on Sino Gold's review of the work completed by the local exploration brigade. To properly estimate the resource potential of Lode 5 will require a geological audit program and additional diamond drilling.

Preliminary studies by Sino Gold, for a potential development of Eastern Dragon Lode 5, indicate that the deposit could be mined via a small open pit to be followed by an underground operation. Gold could be liberated by simple CIL processing and a processing plant with throughput in the range of 300,000 to 500,000 tonnes per annum could produce 80,000 to 120,000 ounces of gold per annum plus significant amounts of silver. Low cash operating costs are expected due to the simple metallurgy and high grade of the deposit.

Sino Gold is also continuing to explore at its Sanjianfang Project immediately south of Eastern Dragon.

4.3 EXPLORATION PROGRAMS OF SINO GOLD

Sino Gold has a number of active exploration programs underway in the PRC and has established three regional exploration teams:

- **Golden Triangle Exploration Team** — responsible for exploration in the Yunnan, Guizhou and Guangxi Provinces for 'Carlin-style' gold deposits, including around the Jinfeng Gold Mine;

- **Northern China Exploration Team** — responsible for exploration mainly in the Heilongjiang and Jilin Provinces, including around the White Mountain Gold mine; and

- **Shandong Exploration Team** — responsible for exploration in the Shandong Province.

In addition, the Sino Gold Fields Alliance (**SGF Alliance**) is exploring selected mineral belts across the PRC. In May 2008, Sino Gold and Gold Fields agreed to amend the terms of the SGF Alliance so that the SGF Alliance applies to gold projects:

1. within a 50 kilometre wide band surrounding Sino Gold's existing projects, possessing the potential of a minimum 5,000,000 ounces of gold capable of producing at an approximate annual rate of 500,000 ounces of gold; and

2. elsewhere in the PRC, possessing the potential of a minimum 3,000,000 ounces of gold and capable of producing at an approximate annual rate of 300,000 ounces of gold.

Sino Gold has a number of active exploration drilling programs underway on specific projects in the PRC as depicted below:

Exploration expenditure totalled A$18.4 million for 2007 and similar expenditure is planned for 2008. Drilling is planned to test for extensions to resources at each of the Jinfeng, White Mountain, Beyinhar, Nibao and Eastern Dragon gold deposits, as well as first-pass drilling of a number of prospects and follow-up drilling at the new Yandan discovery in Guangxi.

The first property to be explored by the SGF Alliance is the Bengge Exploration Licence, which is located in the Pulang Belt in Yunnan Province. The SGF Alliance will acquire an initial 20% in the exploration license from Kunming Jinsanjiang Mineral Products Company and has the right to acquire up to 97% upon meeting agreed expenditure milestones.

Drilling at Bengge is intended to commence in mid-2008 following an initial exploration program to define drill targets and receipt of requisite approvals from the relevant Chinese authorities.

4.4 OTHER ASSETS OF SINO GOLD

4.4.1 BioGold Facility

As a result of the takeover of Golden China Resources Corporation, completed in late 2007, Sino Gold acquired a 99.5% interest in a BioGold Facility located in Shandong Province. The BioGold Facility includes a CIL plant, a bacterial oxidation (BACOX©) plant, a base metal flotation circuit, 51% of a gold refinery, and a seat on the Shanghai Gold Exchange. The facility purchases gold concentrates from a number of mining operations and produces about 75,000 ounces of gold bullion annually.

Sino Gold has appointed a new general manager and finance manager to the BioGold Facility. A strategic and operational assessment of the asset is underway.

4.4.2 Investments

Sino Gold has a 19.2% equity holding in TSX-listed Australian Solomons Gold Limited which owns the Gold Ridge Mine in the Solomon Islands. This investment was acquired with the takeover of Golden China Resources Corporation.

Sino Gold has a 19.9% equity holding in ASX-listed Golden Tiger Mining NL, a gold exploration company with projects in the south of the PRC.

4.5 COMPETENT PERSON

Information in this Prospectus which relates to Exploration Results, Mineral Resources or Ore Reserves (as defined in the JORC Code) is based on information compiled by Mr Phillip Uttley (FAusIMM), who is Sino Gold's Chief Geologist. He has sufficient experience in relation to the style of mineralisation and type of deposit under consideration to qualify as a Competent Person as defined by the JORC Code. Mr Uttley has consented to inclusion of this information in the form and context in which it appears.

5.1 MANAGEMENT AND DIRECTORS LISTING

5.1.1 Board of Directors

Name	Age	Date of Joining the Group[1]	Nationality
EXECUTIVE DIRECTORS			
Jacob KLEIN *(President and Chief Executive Officer)*	42	June 28, 2000	Australian
Hanjing XU	55	June 28, 2000	Chinese
INDEPENDENT NON-EXECUTIVE DIRECTORS			
James Edward ASKEW *(Chairman)*	59	October 10, 2002	Australian
Peter William CASSIDY	62	October 10, 2002	Australian
Brian Henry DAVIDSON	73	August 28, 2002	Australian
Peter John HOUSDEN	60	June 22, 2006	Australian
NON-EXECUTIVE DIRECTOR			
Thomas McKEITH	44	April 18, 2008	Australian

1. Or its predecessor

Correspondence to any director should be clearly labeled with the name of the relevant director and sent to:

Sino Gold Mining Limited
Level 22
44 Market Street
Sydney NSW 2000
Australia

5.1.2 SENIOR MANAGEMENT

Name	Age	Date of Joining the Group[1]
Colin (Cobb) Johnstone *Chief Operating Officer*	51	March 7, 2006
Phillip Uttley *Chief Geologist*	57	April 15, 2004
Wayne Rossiter *Chief Financial Officer*	40	May 7, 2007
Ivo Polovineo *Company Secretary in Australia, General Manager — Administration Authorised Representative*	57	June 28, 2000

1. Or its predecessor

5.2 MANAGEMENT AND DIRECTORS BIOGRAPHIES

5.2.1 Executive Directors

Jacob Klein — President and CEO
BCom (Hons), ACA, DipFinMarkets (Sec Inst)

Mr. Klein was appointed President and CEO of the Company at the time of its formation in June 2000. In this time he has overseen the development of the Company from a single project company into one that holds interests in a number of projects in China including Jinfeng.

He has over 16 years experience in senior finance and managerial positions in both South Africa and Australia. He joined Macquarie Bank in 1991 and in 1995, as an associate director at Macquarie, and participated in the formation of Asia Resource Capital Limited, a joint venture between Macquarie Bank and CNNC. From 1996 to June 2000 he worked for Sino Mining International. During this time he served as a member of Sino Mining International's executive committee and was its executive vice president for the period 1999 to June 2000. Mr. Klein is a non-executive director of Lynas Corporation Ltd and director of the Australia China Business Council and member of the NSW-Asia Business Council.

Hanjing Xu — Executive Director

Mr. Xu has been involved in the non-ferrous metal industry for more than 20 years and has extensive experience in trading, commercial negotiations and management.

He co-founded Sino Mining International while president of CNIEC. Prior to his three-year presidency of CNIEC, he was a vice president from 1994 to 1996 and its Australian representative from 1989 to 1994. From 1984 to 1989 he was with the Foreign Affairs Bureau of CNNC.

His understanding of the impact of the economic changes taking place in China, and his communication and negotiating skills, have been instrumental in achieving agreements which work for both Chinese owners and Western investors and developers; as well as in orienting Chinese staff and managers towards the requirements of the market economy.

Mr. Xu heads up the group's Business Development unit, which has been instrumental in securing all of Sino Gold's joint venture agreements and positioning the Company for the acquisition of new projects.

5.2.2 Independent Non-executive Directors

James Askew — Chairman
B.E.(Mining) Hons, M.Eng.Sci, FAusIMM, MCIMM, MSME

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 25-year tenure as a 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.

Mr. Askew is currently a non-executive director of Ausdrill Ltd and Golden Star Resources Inc, plus the non-executive chairman of Asian Mineral Resources and OceanaGold Corporation. Mr. Askew is a member of the Remuneration and Risk Management Committees of Sino Gold. Mr. Askew was appointed Chairman of Sino Gold Mining Limited in November 2006.

Peter Cassidy — Non-executive Director
BSc (Eng), Ph.D., C.Eng, FAusIMM, FIMM

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 Gold Fields Limited from 1995–2002. Following the merger of Gold Fields 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.

He is also Chairman and non-executive director of Allegiance Mining NL and a non-executive director of Lihir Gold Limited, Energy Developments Limited and Zinifex Limited. Previous major board positions include Oxiana Limited from 2002 to 2007, Goldfields Kalgoorlie Limited (previously Pancontinental Mining Limited) from 1995 to 1999 and RGC Limited from 1990 to 1995. Mr. Cassidy 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.

Brian Davidson — Non-executive Director
LLB, FAICD

Mr. Davidson is a consultant to Deacons, a major national law firm, having retired in 2004 after 37 years as a partner. Throughout that period, he practised in corporate and commercial law, capital raisings and project finance. He has served on the board of directors of numerous publicly listed companies, including 5 as Chairman, most of which were involved in the mining and exploration industries. Currently, he is also a director of a number of private company groups and of the Pain Management Research Institute Ltd, Royal North Shore Hospital, Sydney. He is Chairman of the Audit Committee and the Remuneration and Nomination Committee and a member of the Risk Management Committee. He is a Fellow of the Australian Institute of Company Directors.

Peter Housden — Non-executive Director
B.Comm (Hons), FCPA, CFTP, FAICD

Mr. Housden has over 36 years experience in the accounting/finance/commercial fields crossing a number of industries including, manufacturing, resources, chemicals and professional services. During his 14 years as an executive in the resources sector, he was involved with petroleum, gold, coal, base metals, tin and mineral sands.

Mr. Housden's experience is wider than accounting and finance. He has led strategy reviews, managed business units and had responsibility for human resources and information technology. In addition he has continuing interest in corporate reporting and governance through membership of the AICD Reporting Committee.

Executive board experience includes; Director, Australian Chemical Holdings Limited; Finance Director, RGC Limited and CFO/Company Secretary, MIA Group Limited. Mr Housden is currently a non-executive director of China Holidays (Travel) Group Pty Ltd and is a member of the Board of Sparke Helmore, solicitors.

Mr. Housden is a member of the Audit Committee.

5.2.3 Non-executive Director

Thomas (Tommy) McKeith
BSc (Geology) Hons, GDE (Mining), MBA

Mr. McKeith is currently Executive Vice President: Exploration and Business Development for Gold Fields Limited. Prior to this, Mr. McKeith was the Chief Executive Officer of Troy Resources NL (Troy), an Australian junior gold producer. Mr. McKeith remains a non-executive director of Troy. Before joining Troy, he 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. Mr McKeith is currently based in Perth.

5.2.4 Senior Management

Colin (Cobb) Johnstone — Chief Operating Officer
BEng

Mr. Johnstone is a mining engineer with over 25 years experience in the gold and metalliferous mining industry, covering both underground and open-pit operations. He has significant international experience, including Canada, Argentina and Australia.

Prior to joining the Company as chief operating officer in early 2006, Mr. Johnstone was the general manager for Kalgoorlie Consolidated Gold Mines, the operator of the super pit in Kalgoorlie-Boulder, the largest gold mine in Australia.

Phillip Uttley — Chief Geologist
BSc Hons (Geology), FAusIMM

Mr. Uttley has over 30 years extensive exploration experience in gold and base metals, both from an operating and consulting perspective, including assignments around the world for major mining corporations. He has previously held positions with companies such as RGC Exploration Pty Ltd and Gold Fields Exploration Pty Ltd. Most recently, Mr. Uttley completed 10 years employment with SRK Consulting where he was involved in developing measures for the management of exploration risk and value.

Mr. Uttley is a Fellow of The Australasian Institute of Mining and Metallurgy (FAusIMM) and also Fellow of the Society of Economic Geologists (SEG) and Member of the Society for Mining, Metallurgical, and Petroleum Engineers (SME-AIME).

Wayne Rossiter — Chief Financial Officer
BE Hons (Min), ACA, MAppFin, MAusIMM

Mr. Rossiter is a mining engineer and accountant who has been involved in the resource and energy industries for the last 20 years.

Prior to joining Sino Gold as Chief Financial Officer in 2007, he held senior finance and management roles in several publicly listed companies including Bolnisi Gold, Roc Oil and Novus Petroleum. These companies have operated in varied international jurisdictions including China, Mexico, Georgia, Great Britain and the USA.

Mr. Rossiter also has worked as an auditor in the mining division of Coopers and Lybrand.

Ivo Polovineo — Company Secretary in Australia and General Manager Administration
PNA

Mr. Polovineo blends the experience of six years with a major accounting firm with 25 years in corporate accounting, finance and company secretarial work for a diverse range of companies. He has spent the past 15 years in senior management roles in the resources sector including 10 years as financial controller and company secretary of a number of public listed companies.

Mr. Polovineo joined Sino Mining International in 1997 and was the general manager finance and company secretary of that company prior to the formation of the Company in June 2000. Mr. Polovineo is also the authorised representative of the Company.

Jane Chan Yuen Bik — Company Secretary in Hong Kong
BA (Hons), FCIS, FCS (PE)

Ms. Chan has more than 20 years experience in the corporate secretarial field. She started her career at the international accounting firm formerly known as Price Waterhouse, then later joined BNP International Financial Services (Hong Kong) Limited and is currently a director of HLB BMS Corporate Services Limited. Ms. Chan holds an Honours Degree in Accountancy and a Certificate in Commercial Law & Regulations in the PRC. She is a Fellow of the Hong Kong Institute of Chartered Secretaries. She is also a holder of Practitioner's Endorsement granted by the Hong Kong Institute of Chartered Secretaries. Ms. Chan has extensive experience in corporate governance, company management and administration, group restructuring exercises, winding up and insolvency practices.

This section contains the following information (**Financial Information**):

- sources and applications of funds;
- a summary of Sino Gold's historical financial results;
- Sino Gold's historical balance sheet as at 31 December 2007 together with the proforma balance sheet as at 31 December 2007 adjusted for the effect of the Institutional Offer after deducting any fees, the effect of the close out of the Gold Forward Sales Contracts, and the effect of the Retail Offer after deducting any fees; and
- discussion of the impact on future profitability and cashflow of close out of the Gold Forward Sales Contracts.

The proforma balance sheet has been prepared on a basis which assumes the Offer was completed on 31 December 2007 and has been prepared in accordance with the accounting policies contained in the 2007 financial statements for the Group. The Financial Information is presented in an abbreviated form and does not contain all the disclosures that are usually provided in financial statements prepared in accordance with the Corporations Act and the Companies Ordinance. The historical information has been extracted from the respective year's financial statements of Sino Gold which have been audited by Ernst & Young. A full copy of the financial statements of Sino Gold is contained in its 2007 annual report which can be obtained from the Company's web site: **www.sinogold.com.au**.

THE HISTORICAL INFORMATION AND THE PROFORMA BALANCE SHEET SHOULD BE READ TOGETHER WITH THE KEY NOTES TO THE PROFORMA BALANCE SHEET (SECTION 6.3.2), THE KEY RISK FACTORS SET OUT IN SECTION 8 AND OTHER INFORMATION IN THIS PROSPECTUS.

6.1 SOURCES AND APPLICATIONS OF FUNDS

The table below summarises the forecast sources and applications of funds from the Offer and the Placement.

	A$'000s
SOURCES OF FUNDS	
Institutional Offer	approx. 103,338
Retail Offer	up to 32,523
Total sources of funds from the offer	up to 135,861
Placement	up to 68,335[1]
Total sources of funds	**up to 204,196**
APPLICATION OF FUNDS	
Close out of Gold Forward Sales Contracts	122,200
Acquisitions, development and exploration expenditure, working capital and general corporate purposes	up to 76,996
Fees and other costs of the offer	5,000
Total application of funds	**up to 204,196**

1. The maximum amount that may be raised from the Placement is A$68 million, which assumes that the second tranche of the Placement occurs at the maximum price of A$5.03 per Share, as described in Section 2.7.

In addition, the table below summarises the net proceeds and use of proceeds from the share placement that was conducted by the Company in December 2007 and January 2008 (details of which were announced to the ASX 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**

6.2 HISTORICAL INFORMATION

Set out below are the balance sheets of the Group as at 31 December 2007, 31 December 2006 and 31 December 2005.

	Audited 31 December 2007 (A$'000s)	Audited 31 December 2006 (A$'000s)	Audited 31 December 2005 (A$'000s)
CURRENT ASSETS			
Cash and cash equivalents	108,953	21,505	28,769
Trade and other receivables	5,196	2,550	1,384
Inventories	35,529	1,412	2,211
Other	6,453	6,967	438
Total currents assets	**156,131**	**32,434**	**32,802**
NON-CURRENT ASSETS			
Receivables	1,331	3,067	4,916
Other financial assets	11,381	—	—
Property, plant and equipment	304,862	226	339
Deferred exploration, evaluation and development costs	269,859	240,074	102,868
Total non-current assets	**587,433**	**243,367**	**108,123**
Total assets	**743,564**	**275,801**	**140,925**
CURRENT LIABILITIES			
Trade and other payables	101,766	25,258	14,008
Provisions	783	645	567
Interest bearing liabilities	106,998	9,742	—
Derivatives	29,216	25,205	—
Total current liabilities	**238,763**	**60,850**	**14,575**
NON-CURRENT LIABILITIES			
Interest bearing liabilities	34,547	89,900	45,883
Provisions	24,546	—	1,984
Deferred tax liabilities	4,073	—	—
Derivatives	95,755	71,138	38,309
Total non-current liabilities	**158,921**	**161,038**	**86,176**
Total liabilities	**397,684**	**221,888**	**100,751**
Net assets	**345,880**	**53,913**	**40,174**
SHAREHOLDERS' EQUITY			
Share capital	527,970	168,259	101,949
Convertible notes — equity component	—	3,228	3,228
Reserves	(137,600)	(87,343)	(32,243)
Retained profits	(87,802)	(64,305)	(44,251)
Total parent entity interest	**302,568**	**19,839**	**28,683**
Minority interest	43,312	34,074	11,491
Total equity	**345,880**	**53,913**	**40,174**

Set out below are the profit and loss statements of the Group for the financial years ending 31 December 2007, 31 December 2006 and 31 December 2005.

	2005 (A$'000s)	2006 (A$'000s)	2007 (A$'000s)
Revenue from gold sales	11,024	8,695	33,573
Hedging losses	0	0	(9,292)
Net sales revenue	**11,024**	**8,695**	**24,281**
Cost of sales	(16,642)	(7,803)	(24,509)
Depreciation amortisation	0	0	(3,449)
Gross profit/(loss)	**(5,618)**	**892**	**(3,677)**
Other income	1,333	3,962	3,818
Occupancy expenses	(644)	(636)	(590)
Staff costs	(3,086)	(2,086)	(2,836)
Share based payments	0	(1,296)	(3,793)
Administrative expenses	(3,223)	(4,255)	(4,580)
Deferred exploration costs written off	0	0	(1,545)
Impairment of property and equipment	(4,735)	0	0
Gain/(loss) on fair value of vested share options	(7,916)	(11,421)	1,303
Foreign exchange gain/(loss)	182	962	1,564
Profit/(loss) before tax and finance costs	**(23,707)**	**(13,878)**	**(10,336)**
Conversion of convertible notes	0	0	(6,484)
Other finance costs	(2,503)	(6,176)	(7,981)
Loss before income tax	**(26,210)**	**(20,054)**	**(24,801)**
Income tax (credit)/expense	0	0	(138)
Net loss for period	**(26,210)**	**(20,054)**	**(24,939)**
Minority interests	0	0	(1,443)
Loss attributable to shareholders	**(26,210)**	**(20,054)**	**(23,496)**
Loss per share (cents)	**(20.2)**	**(13.7)**	**(13.2)**

6.3 PROFORMA BALANCE SHEET

The proforma balance sheet has been prepared for this Prospectus for illustrative purposes only and includes adjustments to the historical accounts to reflect:

- The effect of the Institutional Offer after deducting any fees,
- The effect of the close out of the Gold Forward Sales Contracts (which is the primary purpose of the Offer); and
- The effect of the Retail Offer after deducting any fees.

The 31 December 2007 balance sheet does not reflect any other equity issues subsequent to balance sheet which includes those disclosed in Note 30 of the 31 December 2007 Annual Financial Statements of the Company in relation to the compulsory acquisition of Golden China Resources Corporation and the completion of the conditional component of the equity placement approved and finalized in January 2008.

6.3.1 Basis of Preparation and Presentation of the Proforma Balance Sheet

The Company prepares its financial statements in accordance with the requirements of the Corporation Act 2001 and Australian Accounting Standards. The 2007 annual financial report was prepared in accordance with the historical cost convention except for derivative financial instruments and available-for-sale investments that are measured at fair value. The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards. The financial report also complies with International Financial Reporting Standards.

The accounting policies upon which the 2007 financial report was been prepared are set out in the Company's financial statements for the year ended 31 December 2007. A copy of the Company's financial statements for 2007 can be found at the Company's website at **www.sinogold.com.au** and has been lodged with the ASX and the HKSE.

The proforma balance sheet is presented in abbreviated form and does not contain all the disclosures that are usually found in an annual report prepared in accordance with the Corporation Act 2001 and Australian Accounting Standards. The Company believes that the proforma balance sheet has been prepared on a basis that is consistent with the Hong Kong Institute of Certified Public Accountants Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circular". The pro forma balance sheet, because of its hypothetical nature, may not give a true picture of the Company's financial position or results.

In determining the funds to be applied to close out the Gold Forward Sales Contracts, a gold price of US$912.75 per ounce has been used; this is the price protection established by the Company for those purposes.

	Audited 31 Dec 2007 (A$'000s)	Institutional Offer[1] (A$'000s)	Close out of Fwd Contracts[2] (A$'000s)	Retail Offer[3] (A$'000s)	Proforma Consolidated (A$'000s)
CURRENTS ASSETS					
Cash and cash equivalents	108,953	99,535	(122,200)	31,327	117,615
Trade and other receivables	5,196	—	—	—	5,196
Inventories	35,529	—	—	—	35,529
Other	6,453	—	—	—	6,453
Total currents assets	**156,131**	**99,535**	**(122,200)**	**31,327**	**164,793**
NON-CURRENTS ASSETS					
Receivables	1,331	—	—	—	1,331
Other financial assets	11,381	—	—	—	11,381
Property, plant and equipment	304,862	—	—	—	304,862
Deferred exploration, evaluation and development costs	269,859	—	—	—	269,859
Total non-current assets	**587,433**	**0**	**0**	**0**	**587,433**
Total assets	**743,564**	**99,535**	**(122,200)**	**31,327**	**752,226**
CURRENT LIABILITIES					
Trade and other payables	101,766	—	—	—	101,766
Provisions	783	—	—	—	783
Interest bearing liabilities	106,998	—	—	—	106,998
Derivatives	29,216	—	(29,216)	—	0
Total current liabilities	**238,763**	**0**	**(29,216)**	**0**	**209,547**
NON-CURRENT LIABILITIES					
Interest bearing liabilities	34,547	—	—	—	34,547
Provisions	24,546	—	—	—	24,546
Deferred tax liabilities	4,073	—	—	—	4,073
Derivatives	95,755	—	(95,755)	—	0
Total non-current liabilities	**158,921**	**0**	**(95,755)**	**0**	**63,166**
Total liabilities	**397,684**	**0**	**(124,971)**	**0**	**272,713**
Net assets	**345,880**	**99,535**	**2,771**	**31,327**	**479,513**
SHAREHOLDER'S EQUITY					
Share capital	527,970	99,535	—	31,327	658,832
Reserves	(137,600)	—	2,771	—	(134,829)
Retained profits	(87,802)	—	—	—	(87,802)
Total parent entity interest	**302,568**	**99,535**	**2,771**	**31,327**	**436,201**
Minority interest	43,312	—	—	—	43,312
Total equity	**345,880**	**99,535**	**2,771**	**31,327**	**479,513**

6.3.2 Explanation of Adjustments and Financial Effects

The adjustments depicted on the proforma balance sheet are summarised below.

Note 1: Institutional Offer: The Institutional Offer is fully underwritten. Approximately 25 million New Shares will be issued under the Institutional Offer, the proceeds of which net of expenses are approximately A$99.5 million as set out in Section 6.1.

Note 2: Close Out of Gold Forward Sales Contracts: The cash component of the Gold Forward Sales Contracts represents the anticipated market value of the Gold Forward Sales Contracts at settlement date. Any differences between this settlement and the liabilities at 31 December 2007 is reflected as an adjustment. The Board has now determined that gold production and sales are not to be forward sold in order to leverage the Company fully to movements in the price of gold. To give effect to the Company's revised gold hedging policy, most of the proceeds raised from the Institutional Offer will be used to close out the Gold Forward Sales Contracts. To achieve these outcomes the Company has, as of the date of this Offer, entered into forward contracts with an affiliate of Goldman Sachs JBWere Pty Ltd to obtain gold in sufficient quantity to immediately neutralise the impact of its pre-existing Gold Forward Sales Contracts and deliver that gold to close out the Gold Forward Sales Contracts. The forward contracts have been established at a gold price of US$912.75 per ounce and an average forward exchange rate of A$1 to US$0.95116.

As at 30 April 2008, the Company had pre-existing Gold Forward Sales Contracts for approximately 278,657 ounces of gold. With the price protection for gold and the exchange rate, the Company plans to use approximately A$122.2 million to close out the Gold Forward Sales Contracts.

Note 3: Retail Offer: Up to approximately 8 million New Shares could be issued under the Retail Offer. The maximum net proceeds of the Retail Offer are approximately A$31.3 million. The Retail Offer, with the exception of the Retail Offer to Eligible Retail Shareholders in Hong Kong, is not underwritten. Should the Retail Offer be undersubscribed the maximum impact on the proforma balance sheet arising from the Retail Offer being undersubscribed is to reduce share capital and cash balances each by approximately A$31.3 million (based on net proceeds).

6.4 IMPACT ON FUTURE PROFITABILITY AND CASH FLOW

With the decision by the Board to terminate the Gold Forward Sales Contracts, Sino Gold will close out its remaining Gold Forward Sale Contracts which totalled approximately 278,657 ounces as at 30 April 2008. These Gold Forward Sales Contracts were established to sell gold at an average price of approximately US$525 per ounce, well below today's prevailing gold price and the cost to close these positions. As a result, the Company will crystallise losses upon close out of approximately US$116 million (A$122 million). As the Company has adopted hedge accounting in relation to these Gold Forward Sales Contracts, the relevant accounting standard requires all losses to be deferred and held in a reserve in shareholders' equity until the originally designated underlying future gold sales are brought to account in the income statement.

The hedge reserve account in shareholders' equity had been established in prior years to capture unrealised gold hedging losses determined on a mark to market basis at each balance date. The hedge losses, which will be crystallised upon completion of the proposed close out of the Gold Forward Sales Contracts, would have been charged against future profit and loss in line with the underlying hedged gold sales in any case if the gold price were to remain at the level at which these Gold Forward Sales Contracts are being closed out; a higher future gold price would have increased these future losses, and conversely a lower future gold price would have reduced these future losses. Note also that the estimated hedging losses to be recorded in future periods are non cash charges in those future periods following the hedge book close out.

As a consequence of the close out of the Gold Forward Sales Contracts more gold will be available for sale by the Company at prevailing market prices. The Company's future cash flows will be increased provided the prevailing market price for gold remains above the prices at which the Gold Forward Sales Contracts were established.

The timing, amount and contract gold price for Gold Forward Sales Contracts from the start of May 2008 are depicted below.

	2008	2009	2010	2011	2012
Sales hedged (oz)	49,032	64,612	64,612	64,612	35,789
Average hedge contract price (US$/oz)	524	525	525	525	530

6.5 LIABILITIES AND INDEBTEDNESS

The Group has the following borrowings:

- Jinfeng Project Loan — this financing facility is provided by Standard Bank Plc, Bayeriisch Hypo-und Vereinsbank AG and China Construction Bank, Guizhou Branch (as financiers) with a remaining principal of US$37.4 million. The Jinfeng CJV is the borrower.

  The facility is to be secured against the following:

  - Mortgage on present and future immovable assets in the project;
  - Mortgage over present and future movable equipment in the project;
  - Mortgage over the project's land use right, mining licence and exploration licence;
  - Security over material project contracts.

  In addition, the Company and SG Guizhou have guaranteed the facility and hedging until completion (as defined) of project construction and testing. The Company has also granted a first ranking charge over all its shares in and debts owing by SG Guizhou and over certain project accounts; and SG Guizhou has granted a first ranking pledge of its interest in the Jinfeng CJV and a charge over all its other assets.

  The existing Gold Forward Sales Contracts to be closed out under this offer were entered into as part of the terms and conditions of this project loan.

- Jinfeng Standby L/C loan — The Company has secured a standby cash collaterised L/C facility issued by its bankers to secure advances made by China Construction Bank, Guizhou Branch to the Jinfeng Mine. This facility totals RMB 389 million.

- BioGold RMB short term and long term loans totalling RMB 100 million are domiciled in China and secured by mortgages over BioGold's land and buildings and concentrate stockpile. In addition, the Company has issued a corporate guarantee over these borrowings.

It is the intent of the Company to seek a corporate revolving debt facility to enable the debt funding of operating and development projects within China.

Save as disclosed above and apart from intra-Group liabilities and normal trade payables, the Group did not have, as at the Latest Practical Date, any issued or outstanding debt securities, any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debentures or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, hire purchase or finance lease commitments, guarantees or other material contingent liabilities.

6.6 CAPITAL DETAILS

All of the issued Shares in the Company comprise fully paid ordinary shares. Under the Australian Corporations Act 2001 (Cth), Australian registered companies do not have an authorised capital, and there is no concept of a "par value" in respect of issued shares. All shares are recorded in the Company's financial statements at their issue price less issue costs.

As at the Latest Practical Date, the Company had 243,741,402 fully paid ordinary shares on issue. The issued ordinary shares rank pari passu in all respects, and in particular, for all dividends and other distributions, declared, paid or made on the shares.

The lowest and highest market sale prices of Shares on ASX during the three months immediately before the date of this Prospectus, and the respective dates of those sales, were A$4.79 on Wednesday, 30 April 2008 and A$8.87 on Monday, 17 March 2008. The last sale price for Shares on the ASX on Monday, 19 May 2008 was A$5.32.

Set out below is a summary of all securities on issue in Sino Gold as at the Latest Practical Date, together with details of the maximum number of Shares which may be issued pursuant to the Institutional Offer, the Retail Offer, and the Placement.

The exact number of New Shares to be issued, and the number to be issued under each part of the Offer, will not be known until completion of the Offer for reasons including the rounding of Entitlements, the need to reconcile Entitlements under the Institutional Offer to shareholdings on the Record Date, and the fact that the Retail Offer is not underwritten (except the Retail Offer to Eligible Retail Shareholders in Hong Kong).

Capital Structure	Number
Sino Gold Shares on issue as at the Latest Practical Date	243,741,402
Maximum number of Shares to be issued pursuant to the Offer	33,965,520[1]
Maximum number of Shares issued pursuant to the first tranche of the Placement	11,000,000
Maximum number of Shares to be issued pursuant to the second tranche of the Placement	2,585,551[2]
Shares issuable upon exercise of all outstanding Sino Gold options	9,607,334
Shares issuable upon exercise of all outstanding Sino Gold warrants	810,086
Maximum total	**301,709,893**

1. The Retail Offer and Retail Bookbuild are not underwritten, other than in regard of Hong Kong Eligible Retail Shareholders. The final number of New Shares issued may be less than the amount shown.

2. The maximum number of Shares that may be issued pursuant to the second tranche of the Placement is subject to adjustment, as set out in Section 2.7.

The following unlisted options were on issue as at the Latest Practical Date:

	Number	Date of issue	Exercise price	Expiry	Number vested	Vesting date
Other	500,000	16/09/2005	$2.53	16/09/2010	500,000	N/A
	777,700	07/08/2007	C$5.63	08/08/2012	777,700	N/A
Directors	215,000	31/12/2003	$2.69	31/12/2008	215,000	N/A
	100,000	31/12/2004	$2.00	31/12/2009	100,000	N/A
	800,000	31/12/2005	$3.29	31/12/2010	—	31/12/2008
	1,370,000	31/12/2006	$6.50	31/12/2011	—	31/12/2009
Employees	50,000	31/12/2003	$2.69	31/12/2008	50,000	N/A
	150,000	15/10/2004	$2.06	15/10/2009	150,000	N/A
	25,000	27/10/2004	$2.12	27/10/2009	25,000	N/A
	100,000	31/12/2004	$2.00	31/12/2009	100,000	N/A
	980,000	31/12/2005	$3.29	31/12/2010	—	31/12/2008
	150,000	06/03/2006	$3.81	06/03/2011	—	06/03/2009
	40,000	03/06/2006	$4.88	03/06/2011	—	03/06/2009
	1,665,000	31/12/2006	$6.50	31/12/2011	—	31/12/2009
	150,000	31/12/2006	$6.50	30/09/2012	—	30/09/2010
	200,000	11/09/2007	$6.20	30/09/2012	—	30/09/2010
	150,000	09/05/2007	$5.87	30/09/2012	—	30/09/2010
	1,795,000	9/11/2007	$7.65	09/11/2012	—	09/11/2010
	109,730	12/04/2005	C$9.68	12/04/2010	109,730	N/A
	35,552	22/12/2006	C$15.35	31/12/2009	—	31/12/2009
	33,433	22/12/2006	C$3.07	31/12/2009	—	31/12/2009
	29,626	22/12/2006	C$7.88	03/11/2010	—	22/12/2009
	159,318	14/03/2007	C$3.83	14/03/2012	—	14/03/2010
	21,975	04/04/2007	C$3.16	04/04/2012	—	04/04/2010
Total	**9,607,334**				**2,027,430**	

The following unlisted warrants were on issue as at the Latest Practical Date:

	Number	Date of issue	Exercise price	Expiry	Number vested	Vesting date
Other	399,960	27/04/2006	C$9.45	27/04/2009	399,960	N/A
	410,126	23/05/2007	C$5.63	23/05/2009	410,126	N/A
Total	**810,086**				**810,086**	

The Company has no convertible debt securities on issue.

6.7 WORKING CAPITAL

The Directors believe that the proceeds of the Offer, together with the Group's current bank and cash balances and term deposits, lines of credit and net cash provided by operating activities will be sufficient to meet the Group's material commitments and anticipated cash needs for working capital, capital expenditures, business expansion, investments and debt repayment for at least the next twelve months.

6.8 NO MATERIAL ADVERSE CHANGE

The Directors confirm that there has been no material adverse change in the financial or trading position or prospects since December 31, 2007, being the date of the Group's latest audited financial statements.

6.9 NET TANGIBLE ASSETS

At 31 December 2007, the Group's financial statements recognised total assets of A$743.6 million and net assets of A$345.9 million giving a book value of net assets per share of A$1.55. In accordance with Accounting Standards, net assets do not recognise the full value of the Group's ore reserves.

ERNST & YOUNG

19 May 2008

The Board of Directors
Sino Gold Mining Limited
Level 22, 44 Market Street
SYDNEY NSW 2000

Dear Sirs

INDEPENDENT ACCOUNTANT'S REPORT

1. Introduction

We have prepared this Independent Accountant's Report (Report) at the request of the Board of Directors of Sino Gold Mining Limited (Sino Gold) for inclusion in the Prospectus to be dated on or about 26 May 2008 relating to the rights issue offer of shares in Sino Gold.

Expressions defined in the Prospectus have the same meaning in this Report.

2. Scope

We have been requested to prepare an Independent Accountant's Report covering the following financial information:

a. the Historical Financial Information of Sino Gold, comprising:

- the Audited Balance Sheet of Sino Gold as at 31 December 2007 set out in Section 6.3.1 of the Prospectus;
- the Audited Balance Sheets and Income Statement Historical Information of Sino Gold for the 12 months ended 31 December 2005, 31 December 2006 and 31 December 2007, as set out in Section 6.2 of the Prospectus, and
- the 31 December 2007 Audited Financial Statements of Sino Gold as set out in Appendix 1 of the Hong Kong version of this Prospectus.

b. the Pro forma Financial Information of Sino Gold, comprising:

- the Pro Forma Balance Sheet of Sino Gold as at 31 December 2007 as set out in Section 6.3 of the Prospectus which assumes completion of the transactions as set out in Section 6.3 as if they had occurred on 31 December 2007

The Directors have prepared and are responsible for the preparation and presentation of the Historical Financial Information and Pro Forma Financial Information of Sino Gold and have determined that the accounting policies are appropriate and consistently applied. We disclaim any responsibility for any reliance on this Report or on the financial information to which it relates for any purposes other than that for which it was prepared. This Report should be read in conjunction with the full Prospectus.

Review of Historical Financial Information of Sino Gold

Ernst & Young is the auditor of Sino Gold and has audited the consolidated financial report of Sino Gold for the years ended 31 December 2005, 31 December 2006 and 31 December 2007. We have expressed an unqualified audit opinion on those financial reports.

We have conducted an independent review of the Historical Financial Information of Sino Gold in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that the Historical Financial Information of Sino Gold is not prepared in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

Our review has been conducted in accordance with Australian Auditing Standards applicable to agreed upon procedures engagements. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Historical Financial Information of Sino Gold.

Review of Pro forma Financial Information of Sino Gold

We have conducted agreed upon procedures on the Pro Forma Financial Information of Sino Gold in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that the Pro Forma Financial Information of Sino Gold is not prepared in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia to reflect the pro forma transactions as set out in Section 6.3 of the Prospectus.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements and has been limited to reading of relevant Board minutes and other legal documents, inquiries of management personnel and analytical procedures applied to the financial data.

We have also determined whether the pro forma transactions form a reasonable basis for the preparation of the Pro Forma Financial Information of Sino Gold.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the Pro Forma Financial Information of Sino Gold.

3. Review Statements

Historical Financial Information of Sino Gold

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the Historical Financial Information of Sino Gold is not presented in accordance with the measurement and recognition requirements (but not all the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

Pro forma Financial Information of Sino Gold

Based on our review, which was not an audit, nothing has come to our attention which would cause us to believe the Pro Forma Financial Information of Sino Gold is not presented in accordance with the measurement and recognition requirements (but not all of the disclosure requirements) of applicable Accounting Standards and other mandatory professional reporting requirements in Australia.

In our opinion:

a. the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of Sino Gold; and

c. the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to rule 4.29(1) of the Listing Rules of The Stock Exchange of Hong Kong Limited.

4. Subsequent Events

Apart from the matters dealt with in this Report and having regard to the scope of our Report, to the best of our knowledge and belief, there have been no material transactions or events outside the ordinary course of business of Sino Gold subsequent to 31 December 2007 that have come to our attention which require comment on or adjustment to, the information referred to in our Report or that would cause such information to be misleading or deceptive.

5. Disclosure

Ernst & Young does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in this matter. Ernst & Young provides audit and other limited non-audit services to Sino Gold and will receive a professional fee for the preparation of this Report.

Sino Gold has agreed to indemnify and hold harmless Ernst & Young and its employees from any claims arising out of misstatement or omission in any material or information supplied by Sino Gold.

Consent to the inclusion of the Independent Accountant's Report in the Prospectus in the form and context in which it appears, has been given. At the date of this Report, this consent has not been withdrawn.

Yours faithfully
Ernst & Young
Paul Flynn
Partner

8.1 INTRODUCTION

There are a number of factors, both specific to Sino Gold and of a general nature, which may affect the future operating and financial performance of the Company and the value of an investment in the Company. Some of these factors can be mitigated by appropriate commercial action. Many are, however, outside the control of the Company and cannot be mitigated. This section describes the key risks associated with an investment in the Company. You should carefully consider these risks and the information contained elsewhere in this Prospectus before you decide whether to participate in the Offer.

8.2 KEY RISKS RELATING TO THE COMPANY AND ITS BUSINESS

Key risks relating to the Company and its business are set out below. It is not, however, possible to describe all the risks to which the Company and its business may become subject and which may impact adversely on the Company's prospects and performance.

If Sino Gold is not profitable in the future, its share price could fall

Sino Gold's ability to operate profitably depends upon a number of factors, some of which are beyond the Company's direct control. These factors include Sino Gold's ability to develop its mining projects and commercialise gold reserves, the Company's ability to control its costs, the demand and price for gold and general economic conditions. If Sino Gold is unable to generate profits in the future, the share price of the Company could fall.

Sino Gold's ore reserves and mineral resources are estimates based on a number of assumptions, any adverse changes in which could require the Company to lower its ore reserves and mineral resources

Sino Gold's mining operations may yield less gold under actual production conditions than indicated by the Company's ore reserve and mineral resources, which are estimates based on a number of assumptions. Ore reserves and mineral resources are estimates, prepared in accordance with the JORC Code, and are based on assumptions, knowledge, experience and industry practice. No assurance can be given that any particular level of recovery of gold from ore reserves or mineral resources will in fact be realised or that an identified mineral resource will ever qualify as a commercially mineable (or viable) ore body which can be legally and economically exploited. Estimates which were valid when made may change significantly when new information becomes available.

Mineral resource and ore reserve estimates are imprecise and depend to some extent on interpretations which may ultimately prove to be inaccurate. Should the Company encounter mineralisation different from that predicted by past drilling, sampling and similar examination, mineral resource and/or ore reserve estimates may have to be adjusted downward. This downward adjustment could materially affect Sino Gold's development and mining plans, which could materially and adversely affect Sino Gold's business and results of operations.

The grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also materially and adversely affect Sino Gold's business and results of operations. There can be no assurance that gold recovered in laboratory tests will be duplicated under on-site conditions or in production-scale operations. Material changes in ore reserves resulting from unexpected changes to the gold price, grades, production costs, stripping ratios and recovery rates may affect their economic viability. Ore reserves are reported as general indicators of mine life and should not be interpreted as assurances of mine life or of the profitability of current or future operations.

The economic viability of ore reserves and mineral resources may also be affected by such factors as permit regulations and requirements, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions.

Sino Gold may not meet key production and other cost estimates

A decrease in the amount of and a change in the timing of gold production by Sino Gold will directly impact the amount and timing of the Company's cash flow from operations. The actual impact of such a decrease on Sino Gold's cash flow from operations would depend on the timing of any changes in production and on actual prices and costs. Any change in the timing of these projected cash flows that would occur due to production shortfalls or disruptions or labour disruptions would, in turn, result in delays in receipt of such cash flows and in using such cash to reduce debt levels and may require additional borrowings to fund capital expenditures, including capital for Sino Gold's development projects, in the future.

Production forecasts and capital and operating cost estimates are based on certain assumptions and are inherently subject to significant uncertainties. It is very likely that actual results for Sino Gold's operations will differ from its current estimates and assumptions, and these differences may be material. In addition, experience from actual mining or processing operations may identify new or unexpected conditions that could reduce production below, and/or increase capital and/or operating costs above, Sino Gold's current estimates. If actual results are less favourable than Sino Gold currently estimates, Sino Gold's business, results of operations, financial condition and liquidity could be materially adversely impacted.

Sino Gold could encounter difficulty meeting its capital expenditure requirements in the future

The exploration for and mining of mineral deposits requires substantial capital investment. The development and expansion plans of Sino Gold may also result in increases in capital expenditures and commitments. The Company may require additional funding to develop its mining projects and expand the business. Sino Gold may be required to seek funding from third parties if internally generated cash resources and available bank facilities are insufficient to finance these activities. In the event that the Company were unable to obtain adequate financing on acceptable terms, or at all, to satisfy its operating, development and expansion plans, its business and results of operations may be materially and adversely affected.

The indebtedness of Sino Gold and its Subsidiaries and the conditions imposed on Sino Gold by its financing agreements could materially and adversely affect Sino Gold's business and results of operations

As of 31 December 2007, Sino Gold had total bank borrowings of A$141.5 million. Sino Gold may incur additional indebtedness in the future.

Any failure to service Sino Gold's indebtedness, comply with a requirement to obtain a consent or perform any condition or covenant could lead to a termination of one or more of Sino Gold's credit facilities, acceleration of amounts due under such facilities and cross-defaults under certain of Sino Gold's other financing agreements, any of which could materially and adversely affect Sino Gold's business and results of operations.

Fluctuations in the market price for gold could materially and adversely affect Sino Gold's business and results of operations

Substantially all of Sino Gold's revenues and cash flows are and will continue to be derived from the sale of gold dore. Therefore, the financial performance of Sino Gold is exposed to gold price fluctuations. Historically, the market price for gold has fluctuated widely and has experienced periods of significant decline. The gold price in the PRC is highly influenced by the international gold price, which is denominated in US dollars. Gold prices may be influenced by numerous factors and events which are beyond the control of Sino Gold. These factors and events include world demand, forward selling activities, gold reserve movements at central banks, costs of production by other gold producers and other macro-economic factors such as inflationary expectations, interest rates, currency exchange rates (particularly the strength of the US dollar), as well as general global economic conditions and political trends. If gold prices should fall below or remain below Sino Gold's cost of production for any sustained period due to these and other factors and events, Sino Gold's business and results of operations could be materially and adversely affected.

Fluctuations in exchange rates could materially and adversely affect Sino Gold's operating cash flows and profitability

Fluctuations in the US dollars relative to RMB or in the US dollars relative to the Australian dollars could materially and adversely affect the cash flow and earnings of Sino Gold. The majority of Sino Gold's operating costs are denominated in RMB, and although Sino Gold's revenue is denominated in RMB, the RMB gold price effectively moves in line with the US dollar gold price and reflects the US dollar exchange rate fluctuations relative to RMB. Sino Gold's financial results are published in A$.

Input costs can be affected by changes in factors including market conditions, government policies, exchange rates and inflation rates, which are unpredictable and outside the control of Sino Gold. In particular, the cost of power, fuel, explosives and other inputs constitutes a significant part of Sino Gold's operating expenses. Unanticipated increases in the price of these or other inputs could materially and adversely affect Sino Gold's business and results of operations.

Sino Gold could incur losses or lose opportunities as a result of derivative instruments

One of the uses of the proceeds from the equity issue will be to close out the Gold Forward Sales Contracts. Sino Gold may however enter into derivative transactions in the future. Certain derivative transactions may eliminate or limit additional revenues that Sino Gold would otherwise receive from any future increases in the gold price or changes in exchange rates. In addition, Sino Gold's business and results of operations could be materially and adversely affected if for any reason its production of gold dore is unexpectedly interrupted and as a result it is unable to produce sufficient gold dore to cover any hedging transactions it has entered into. There is also a risk that the counterparty to any derivative transaction could default on its obligations.

Sino Gold's operations depend on an adequate and timely supply of water, electricity, chemicals and other critical supplies

Timely and cost effective execution of Sino Gold's mining projects is dependant on the adequate and timely supply of water, electricity, chemicals and other critical supplies. Sino Gold's mining projects will consume a substantial amount of water and electricity in the production process. At the Jinfeng Gold Mine and the White Mountain Project, Sino Gold relies on the local rivers and water table for its water supply, and relies on the local power grids to supply the electricity to meet its requirements.

There can be no assurance that Sino Gold will receive adequate supplies of water from local sources or electricity from the local power grids to meet its requirements. There is a risk that those in control of the local power grids will oversell the capacity of those power grids, and that resulting power shortfalls or outages at Sino Gold's operations could occur. If Sino Gold is unable to procure the requisite quantities of water or electricity in time and at commercially acceptable prices or if there are significant disruptions in the supply of electricity or water to any of Sino Gold's operations, the performance of Sino Gold's business and results of operations could be materially and adversely affected, and in the worst case scenario, result in a shutdown of a project's operation.

Sino Gold relies substantially on third party contractors to conduct its operations

It has been Sino Gold's commercial practice over time, where possible, to sub-contract various mining, development and exploration services, including engineering, plant construction, earthmoving, grade control and drilling, on the basis of a competitive tender process. Although such services are supervised by Sino Gold's employees, such arrangements with contractors carry with them risks associated with the possibility that the contractors may (i) have economic or other interests or goals that are inconsistent with Sino Gold's, (ii) take actions contrary to Sino Gold's instructions or requests, or (iii) be unable or unwilling to fulfil their obligations. There can be no assurance that Sino Gold will not experience problems with respect to its contractors in the future. The occurrence of such problems could materially and adversely affect Sino Gold's business and results of operations.

Sino Gold's mining operations face material risk of liability, delays and increased production costs from design defects, environmental hazards, industrial accidents, and other factors

Sino Gold's projects may not perform as designed. Increased development costs, lower output or higher operating costs may all combine to make a project less profitable than that expected at the time of the development decision. This would have a negative impact on Sino Gold's expected cashflow. No assurance can be given that Sino Gold would be adequately compensated by third party project design, construction and supply companies in the event or equipment failure or that a project did not meet its expected design specifications.

The business may also be disrupted by a variety of risks and hazards that are beyond the control of Sino Gold, including environmental hazards, natural disasters, industrial accidents, technical or mechanical failures, processing deficiencies, labour disputes, unusual or unexpected geological occurrences, severe seismic activity, flooding, dam overflows, cave-ins, the discharge of toxic chemicals, and other pollutants, fire, explosions, and other delays. Accidents, technical difficulties, mechanical failure or plant breakdown encountered in the exploration, project development, mining and processing activities could result in disruptions to Sino Gold's operations, increases in its operating costs or personal injuries. Environmental events such as changes in the water table (man-made or naturally occurring) or landslides could materially and adversely affect the underground and open-pit mining of Sino Gold. The occurrence of any of these risks and hazards could result in damage to or destruction of production facilities, personal injury, environmental damage, business interruption, delay in production, increased production costs, monetary losses and possible legal liability (including compensatory claims, fines and penalties) to Sino Gold, which could materially and adversely affect Sino Gold's business and results of operations.

Sino Gold's operations are exposed to risks in relation to the mishandling of dangerous articles

Sino Gold's exploration, mining and gold production operations involve the handling and storage of explosive, toxic and other dangerous articles. More stringent laws, regulations and policies may be implemented by the relevant PRC authorities, and there can be no assurance that Sino Gold will be able to comply with any future laws, regulations and policies in relation to the handling of dangerous articles economically or at all. In addition, there can be no assurance that accidents arising from the mishandling of dangerous articles will not occur in the future. Should Sino Gold fail to comply with any relevant laws, regulations or policies or should any accident occur as a result of the mishandling of dangerous articles, the Company's business and results of operations may be materially and adversely affected, and Sino Gold may be subject to penalties and/or civil and/or criminal liabilities.

Severe weather conditions could materially and adversely affect Sino Gold's business and results of operations

Severe weather conditions, such as heavy rainfall, may require Sino Gold to evacuate personnel or curtail operations and may result in damage to the project site, to a portion of Sino Gold's equipment or to Sino Gold's facilities, which could result in the temporary suspension of operations or generally reduce Sino Gold's productivity. During periods of curtailed activity due to adverse weather conditions, Sino Gold may continue to incur operating expenses while production has slowed down or stopped altogether. Any damages to Sino Gold's projects or delays in its operations caused by severe weather could materially and adversely affect Sino Gold's business and results of operations.

Any disputes or disagreements with Sino Gold's CJV partners could materially and adversely affect Sino Gold's business and results of operations

Sino Gold and its Subsidiaries have entered into several CJV agreements, mostly with state-owned entities. In these circumstances, certain members of the management and boards of directors of the CJV companies are nominated by Sino Gold's CJV partners. There is no assurance that the strategic direction of a CJV will be consistent with Sino Gold's objectives. Any change in the management or strategic direction of one or more of Sino

Gold's CJVs could materially and adversely affect Sino Gold's business and results of operations. Additionally, if a dispute arises between Sino Gold and a CJV partner and the partners are unable to amicably resolve the dispute, Sino Gold may be involved in lengthy proceedings to resolve the dispute, which could materially and adversely affect Sino Gold's business and results of operations.

The board of directors of a CJV company (other than the Jinfeng CJV company) ordinarily consists, or will consist, of five directors, three of whom are, or will be, appointed by Sino Gold and two of whom are, or will be, appointed by the CJV partner. In the case of the Jinfeng CJV company, the board consists of nine directors, five of whom are appointed by Sino Gold and four of whom are appointed by the CJV partner. Sino Gold is required under the CJV Law and the CJV agreements to obtain the unanimous consent of the directors present at a meeting of the board on important decisions. To the extent unanimous consent cannot be obtained, there is a risk that Sino Gold will not be able to effect the matters being considered despite its desire to do so. In the event the parties are unable to resolve a dispute, the parties may be required to move the dispute to mediation or arbitration.

If Sino Gold is unable to attract, retain and train key personnel, Sino Gold's business and results of operations could be materially and adversely affected

Sino Gold's success depends to a significant extent upon its ability to attract, retain and train key management personnel, both in Australia and in the PRC, as well as other management and technical personnel (including those employed on a contractual basis). Sino Gold cannot prevent contractors and employees from terminating their respective contracts in accordance with the relevant agreed conditions. Sino Gold's success further depends on the ability of its key personnel to operate effectively, both individually and as a group. All of Sino Gold's key management and technical personnel are important to its success, although none of the key personnel are irreplaceable. However, if Sino Gold is not successful in retaining or attracting such personnel, Sino Gold's business may be harmed. The loss of the services of any of Sino Gold's key management personnel could materially and adversely affect Sino Gold's business and results of operations.

Additionally, Sino Gold's ability to recruit and train operating and maintenance personnel is also a key factor for its business activities. If Sino Gold is not successful in recruiting and training such personnel, it could materially and adversely affect Sino Gold's business and results of operations.

Sino Gold's insurance coverage could prove inadequate to satisfy potential claims

In the PRC, insurance coverage is a relatively new concept and, for certain aspects of business operations, insurance coverage is restricted or prohibitively expensive. For example, Sino Gold is able to obtain only limited workers compensation insurance for its employees in the PRC, so this risk is largely self-insured by Sino Gold. This is in line with industry practice in the PRC. Sino Gold's business and results of operation could be materially and adversely affected if, for example, there was a major accident involving a large number of employees.

Sino Gold intends to maintain insurance within ranges of coverage consistent with industry practice in the PRC, but no assurance can be given that Sino Gold will be able to obtain such insurance coverage at economically reasonable premiums (or at all), or that any coverage Sino Gold obtains will be adequate and available to cover the extent of any such claims against Sino Gold. In the event that the Company suffers a significant liability for which Sino Gold is not insured or insurance coverage is inadequate to cover the entire liability, Sino Gold's business and results of operation could be materially and adversely affected.

Any defects in the titles to Sino Gold's mining properties could prevent or severely curtail Sino Gold's use of the affected properties

The ability of Sino Gold to carry out successful mining and exploration activities will depend on a number of factors, of which one of the most critical is the ability of Sino Gold's companies to obtain clear and unambiguous tenure of exploration and mining on properties. There is no guarantee that a CJV will meet the conditions imposed by the government in relation to any licences issued, or the Chinese mining legislation generally. Furthermore, there can be no assurance that a renewal or a transfer of licences into other forms of licences appropriate for ongoing operations will be granted to the relevant CJV or, if they are granted, that the CJV will be in a position to comply with all conditions that are imposed.

If Sino Gold is unable to secure title to the individual mining properties or if the CJVs are unable to comply with all conditions imposed by the government for the issuance of any required licence, Sino Gold may be unable to operate its projects or to enforce its rights with respect to its projects.

Sino Gold's mining rights and exploration rights may be infringed by others

There have been incidents of infringement of mining rights and exploration rights in the PRC gold mining industry, where areas over which licensed exploration or mining rights were held were explored and mined by unauthorised enterprises. In the event that such infringement of Sino Gold's exploration or mining rights occurs in the future, Sino Gold's business and results of operations may be materially and adversely affected.

Sino Gold's operations are subject to extensive government regulations that could cause Sino Gold to incur costs that materially and adversely affect Sino Gold's business and results of operations

Sino Gold's operations are subject to extensive government regulation, including environmental, health and safety laws and regulations. These laws and regulations set various standards regulating certain aspects of health and environmental quality, including waste treatment, emissions and disposals. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted.

Any failure on Sino Gold's part to comply with environmental, health and safety laws and regulations with respect to Sino Gold's operations could result in the imposition of significant liabilities for damages, clean-up costs or penalties or suspension of Sino Gold's right to operate where there is evidence of serious breach. Such costs or disruptions in operations could materially and adversely affect Sino Gold's business and results of operations.

There is no assurance that more onerous environmental, health and safety laws, policies and/or standards (including environmental rehabilitation requirements) will not be implemented by the relevant authorities in the PRC in the future which require Sino Gold to undertake costly measures or obtain additional approvals. Sino Gold's business and results of operations could be materially and adversely affected by any obligations which may be imposed under such new laws, policies and/or standards.

Sino Gold expects to produce a significant amount of wastewater and tailings as by-products of Sino Gold's mining activities, which could expose Sino Gold to material liabilities

One of the main environmental issues in the gold mining industry is wastewater and tailings management. Wastewater and tailings can contain substances that are potentially harmful to human beings and the environment, especially in large quantities. There can be no assurance that Sino Gold will not be subject to claims for damages to persons or property resulting from the release into the environment of wastewater or tailings residue by Sino Gold's operations. Such claims could materially and adversely affect Sino Gold's business and results of operations.

Sino Gold's mining operations have a finite life and eventual closure of these operations will entail costs and risks regarding ongoing monitoring, rehabilitation and compliance with environmental standards

The key risks for mine closure are: (i) long-term management of permanent engineered structures (dam walls, spillways, wetlands, roads, waste dumps) and acid rock drainage; (ii) achievement of environmental closure standards; (iii) orderly retrenchment of employees and contractors; and (iv) relinquishment of the site with associated permanent structures and community development and infrastructure programs involving new owners. The successful completion of these tasks is dependent on the ability to successfully implement negotiated agreements with the relevant government, community and employees. The consequences of a difficult closure range from increased closure costs and handover delays to ongoing environmental impacts and corporate reputation damage if desired outcomes cannot be achieved, which could materially and adversely affect Sino Gold's business and results of operations.

Any failure by or inability of Sino Gold to obtain, retain, or renew required government approvals, permits and licences for its mining and exploration activities or renewals thereof could materially and adversely affect Sino Gold's business and results of operations

Pursuant to applicable law, all mineral resources in the PRC are owned by the State. Thus, mining enterprises, such as those of Sino Gold, are required to obtain certain government approvals, permits and licences for each of their mining and exploration projects. The ability of Sino Gold to carry on its business is therefore subject to its ability to obtain, and the government's willingness to issue, renew and not revoke, such requisite mining and exploration rights.

There can be no assurance that future approvals or renewals of current rights will be granted in a timely manner, or at all, or not revoked. Any failure to obtain or any delay in obtaining or retaining any required governmental approvals, permits or licences, or renewals thereof, could materially and adversely affect Sino Gold's business and results of operations.

It could be difficult for investors to enforce any judgment obtained outside Australia, Hong Kong or the PRC against Sino Gold or any of its associates

Sino Gold is an Australian registered company and many of its officers and directors are residents of Australia. A substantial portion of Sino Gold's assets and the assets of Sino Gold's officers and directors, at any one time, are located in Australia and the PRC. It could be difficult for investors to effect service of process or to recover against Sino Gold, its directors and officers within other jurisdictions.

If a judgment is obtained against Sino Gold or the directors in a non-Australian court, additional requirements need to be satisfied in order to attempt to enforce the judgment in Australia. Under the Foreign Judgments Act 1991 (Commonwealth of Australia), an Australian court will only enforce such a judgment if, amongst other things, an application is made to register the judgment in Australia within six years of the date of judgment (or date of latest appeal), it is a judgment of a higher court in the jurisdiction where obtained, and the judgment is final and conclusive (even if an appeal can be made from the judgment). In addition, an Australian court may set aside registration of a judgment of a non-Australian court where, for example, the judgment debtor did not appear in the proceedings in the non-Australian court, the judgment has been reversed or set aside on appeal, or enforcement of the judgment would be contrary to public policy in Australia.

Sino Gold and/or its Subsidiaries may undertake strategic acquisitions or investments, which may prove to be difficult to integrate and manage or may not be successful

In the future, Sino Gold and/or its Subsidiaries may consider making strategic acquisitions or investments as a means of pursuing the Company's corporate strategy. It is possible that Sino Gold may not identify suitable acquisition or investment opportunities, or if it does identify suitable opportunities, that it may not complete those transactions on terms commercially acceptable to Sino Gold or at all. The inability to identify suitable acquisition targets or investments or the inability to complete such transactions could materially and adversely affect Sino Gold's competitiveness and growth prospects. In the event Sino Gold successfully completes an acquisition or investment, it could face difficulties managing the investment or integrating the acquisition with its operations. There can be no assurance that Sino Gold will be able to achieve the strategic purpose of such an acquisition or investment. These difficulties could disrupt Sino Gold's ongoing business, distract its management and employees, and increase its expenses, any of which could materially and adversely affect Sino Gold's business and results of operations.

8.3 RISKS RELATED TO THE INDUSTRY

Exploration of mineral properties is highly speculative in nature, requires substantial upfront expenditures and is often unsuccessful

Discovery of new mineral resources is crucial to the growth of Sino Gold. There is no assurance that exploration activities will result in the discovery of valuable mineral resources or profitable mining operations. If a viable deposit is discovered, it can take several years and substantial expenditures from the initial phases of exploration until production commences during which time the capital cost and economic feasibility may change. Furthermore, actual results upon production may differ significantly from those anticipated at the time of discovery.

In order to maintain gold production beyond the life of the current proved and probable gold reserves of Sino Gold, further gold reserves must be identified, either to extend the life of existing mines or justify the development of new projects. Sino Gold's exploration programs may not result in the replacement of such gold reserves or result in new commercial mining operations.

Changes in the laws and regulations relating to the gold industry to which Sino Gold is subject could materially and adversely affect its business and results of operations

The central and local governments exercise a substantial degree of control over the gold industry in the PRC. If the relevant Chinese government or regulatory body changes its current policies, regulations, standards and requirements or the interpretation thereof, especially those that are currently favourable to Sino Gold, Sino Gold could face disruptions in its operations, increases in operating costs and significant constraints on its flexibility and ability to expand its business operations or to maximise its profitability.

In addition, the introduction of new policies, legislation or amendments to existing policies or legislation, or changes in the interpretation thereof, in Australia, Hong Kong or the PRC could materially and adversely affect Sino Gold's business and results of operations.

Sino Gold's ability to obtain gold resources in the future could be materially and adversely affected by competition from other companies

The future business of Sino Gold depends on its ability to discover or acquire new resources. Sino Gold faces competition from other mining enterprises, both domestic and foreign, in discovering, acquiring and producing resources in the PRC. There can be no assurance that Sino Gold can effectively compete with existing or future competition to acquire mineral resources, and any failure to compete effectively could materially and adversely affect Sino Gold's business and results of operations.

8.4 RISKS RELATED TO PRC

Political, economic, legal and taxation developments, as well as PRC government policies, could materially and adversely affect Sino Gold's business and results of operations

Substantially all of Sino Gold's operating assets are located in the PRC. Accordingly, Sino Gold's results of operations, financial position and prospects are subject to a significant degree to economic, political and legal and taxation developments and changes in the PRC. The economy of the PRC has shifted gradually from a planned economy to a socialist market-oriented economy. Sino Gold believes that it has benefited from the economic reforms implemented by the PRC government and the economic policies and measures. However, there is no assurance that the PRC government will maintain, or continue to pursue, economic and political reforms. Specifically, Sino Gold's business and results of operations could be materially and adversely affected by changes in Chinese government regulations at national, provincial and local levels with respect to restrictions on production, price controls, export controls, sale of gold, repatriation of profits, income taxes, royalties, expropriation of property, environmental legislation or mine safety.

In addition, Sino Gold's business and results of operations could be materially and adversely affected by: (i) changes in the rate or method of taxation; (ii) imposition of additional restrictions on currency conversion and remittances abroad; (iii) reduction in tariff or quota protection and other import restrictions; (iv) changes in the usage and costs of PRC-controlled transportation services; (v) PRC policies affecting the gold industry; (vi) industrial disruptions; or (vii) economic growth.

There are uncertainties regarding the interpretation and enforcement of PRC laws and PRC regulations

The PRC legal system is based on a statutory law system. Unlike the common law system, prior legal decisions and judgments are relevant for guidance only but do not have precedent effect. Since 1979, the PRC government has been developing a commercial law system, and progress has been made in promulgating laws and regulations relating to economic affairs and matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. However, these regulations are relatively new and the availability of public cases as well as the judicial interpretation of them are limited in number; moreover, as prior court decisions are not binding, both the implementation and interpretation of these laws, regulations and legal requirements are uncertain in many areas. Accordingly, there is a risk that some of Sino Gold's existing and future contractual rights may not be fully enforceable under the PRC legal system, which could materially and adversely affect Sino Gold's business and results of operations.

Changes in foreign exchange regulations could materially and adversely affect Sino Gold's business and results of operations

Sino Gold receives all its operating revenues in RMB. A portion of these revenues is converted into other currencies to meet foreign currency obligations (such as head office charges, debt servicing, and equipment purchases). Foreign exchange transactions under Sino Gold's capital account, including principal payments in respect of foreign currency-denominated obligations and payments of dividends and interest, continue to be subject to significant foreign exchange controls and require the approval of the State Administration of

Foreign Exchange. These limitations could materially and adversely affect Sino Gold's ability to obtain foreign exchange through debt or equity financing, or to obtain foreign exchange for capital expenditures.

Any appreciation of the RMB could materially and adversely affect Sino Gold's business and results of operations, through higher foreign currency denominated operating costs and lower financial returns in A$ terms.

Sino Gold is currently able to repatriate all its RMB loan funds, and to make payments of dividends and distributions of profits from RMB funds although such repatriations and payments are subject to a mixture of controls and regulations and withholding taxes. Repatriation of registered capital can only occur at the expiration of the CJV term or the prior dissolution of the CJV. While the PRC Government is generally relaxing restrictions on foreign trade and investment, there is no certainty that future RMB can be repatriated or distributed. Any significant restrictions on Sino Gold's ability to repatriate or distribute RMB funds could materially and adversely affect Sino Gold's business and results of operations.

The outbreak, or threatened outbreak, of any severe communicable disease in the PRC, could materially and adversely affect Sino Gold's business and results of operations

The outbreak, or threatened outbreak, of any severe communicable disease (such as severe acute respiratory syndrome or avian influenza) in the PRC, could materially and adversely affect the overall business sentiments and environment in the PRC, particularly if such outbreak is inadequately controlled. This in turn could materially and adversely affect domestic consumption, labour supply and, possibly, the overall GDP growth of the PRC. As Sino Gold's revenue is currently derived from its PRC operations, any labour shortages on contraction or slowdown in the growth of domestic consumption in the PRC could materially and adversely affect Sino Gold's business and results of operations. In addition, if any of Sino Gold's employees is affected by any severe communicable disease, it could adversely affect or disrupt Sino Gold's production at the relevant plants and materially and adversely affect its results of operations as Sino Gold may be required to close its facilities to prevent the spread of the disease. The spread of any severe communicable disease in the PRC may also affect the operations of Sino Gold's customers and suppliers, which could materially and adversely affect Sino Gold's business and results of operations.

Restrictions on foreign investment in the PRC mining industry could materially and adversely affect Sino Gold's business and results of operations

In the PRC, foreign companies have in the past been, and are currently, required to operate within a framework that is different from that imposed on domestic PRC companies. However, the PRC Government has been opening up opportunities for foreign investment in mining projects and this process is expected to continue, especially following the PRC's accession into the World Trade Organisation. However, if the PRC Government should reverse this trend, or impose greater restrictions on foreign companies, or seek to nationalise Sino Gold's PRC operations, Sino Gold's business and results of operations could be materially and adversely affected.

8.5 GENERAL EQUITY MARKET RISK

Investors should be aware that there are risks associated with any investment listed on the ASX or HKSE. The value of Shares may rise above or below the issue price for the New Shares, depending on the financial and operating performance of Sino Gold and external factors over which the Company and the Directors have no control. These external factors include:

- economic conditions in Australia and overseas which may have a negative impact on the equity capital markets;
- changing investor sentiment in the local and international stock markets specifically relating to the gold sector or gold sector stocks;
- changes in domestic or international fiscal, monetary, regulatory and other government policies; and
- developments and general conditions in the gold markets in which Sino Gold operates and which may impact on the future value and pricing of shares in gold companies.

9.1 OVERVIEW

A number of other matters have not been disclosed in detail elsewhere in the Prospectus. These include:

- The rights and liabilities attaching to the New Shares;
- Summary of the Underwriting Agreement;
- Consents to being named in the Prospectus;
- Interests of experts and advisers;
- Expenses of the Offer;
- Interests of Directors;
- ASX waivers and confirmations; and
- Consents to lodgement.

Prospective investors should read this Section in detail before making a decision to accept the Offer.

9.2 RIGHTS AND LIABILITIES ATTACHING TO NEW SHARES

The New Shares to be issued pursuant to this Prospectus will be Shares and will rank equally with Existing Shares. The rights attaching to Shares are set out in the Constitution as regulated by the Corporations Act, the ASX Listing Rules, the HKSE Listing Rules and general law. The Constitution is in a form common to listed companies in Australia. A summary of the key rights attaching to Shares is set out below.

Same Class

All Shares are of the same class and rank equally in all respects.

General Meetings

The Directors may convene a general meeting of shareholders whenever they think fit. Shareholders may also convene a general meeting where entitled under the Corporations Act to do so. The quorum at general meetings is three members who are present in person or by attorney, proxy or representative. The Chair of the Board will generally preside as chairman at general meetings of shareholders but does not have a casting vote if votes are equal.

Voting at General Meetings

Voting at a general meeting of shareholders is either by a show of hands or a poll and is decided by a majority of votes cast by the Shareholders present unless the Corporations Act or the Constitution require a special majority. Every holder of Shares present in person, by proxy, attorney or representative (in the case of a company), has one vote on a show of hands and on a poll every member present has one vote for each Share held. At a meeting of the Company's members, a poll may be demanded by: (1) at least 5 members entitled to vote on the resolution; (2) a member or members with at least 5% of the votes that may be cast on the resolution on a poll; (3) a member or members holding voting shares on which the aggregate sum paid up is not less than 5% of the total sum paid up on all voting shares; or (4) the chair. Certain restrictions on voting apply to proxies, representatives or attorneys as set out in the Constitution and Corporations Act.

Directors

The Board of Directors is responsible for the overall corporate governance of the Company, including establishing its strategic direction and goals for management and monitoring the achievement of these goals.

Dividends

The Directors may from time to time determine to distribute by way of cash dividends the profits of the Company. Dividends may also be paid in kind. No dividend shall bear interest against the Company.

Rights on a Winding Up

Subject to the rights of holders of any Shares issued upon special terms and conditions, Shareholders will be entitled, in a winding up, to share in any surplus assets of the Company in proportion to the amount paid up, or which ought to have been paid up, on the Shares held by them.

Transfer of Shares

Subject to the Constitution, the Corporations Act, the ASX Listing Rules, the HKSE Listing Rules and any escrow arrangements, the Shares are freely transferable.

Future Changes in Share Capital

The Company in general meeting may reduce or alter its share capital in any manner provided for in the Constitution, the Corporations Act, the ASX Listing Rules and the HKSE Listing Rules.

Alteration of Constitution

Under the Corporations Act, the Constitution can only be amended by a special resolution. A special resolution is a resolution that has been passed by at least 75% of the votes cast by shareholders entitled to vote on the resolution.

9.3 ASX AND HKSE QUOTATION OF SHARES

All New Shares will initially be registered on Sino Gold's Australian Share Registry, other than New Shares issued to Eligible Retail Shareholders whose Existing Shares are registered on Sino Gold's Hong Kong Share Registrar. The New Shares to be issued to Eligible Retail Shareholders whose Existing Shares are registered on Sino Gold's Hong Kong Share Registrar will be registered on Sino Gold's Hong Kong Share Registrar.

Sino Gold's primary listing is on the ASX. Sino Gold is also secondarily listed on the HKSE, and by undertaking the shunting procedure described below, holders of Shares in Sino Gold may sell their Shares on the HKSE, even if they are initially listed for official quotation on the ASX. Details of the procedure for shunting shares between Sino Gold's two share registers (being the Australian Share Registry and the Hong Kong Share Registrar) are as follows:

- the respective share registrar in each country has set up a control account as part of the issued capital for Sino Gold. For example, the Australian Share Registry has established a holding on Sino Gold's Australian register with the name "Hong Kong Control Register", with the current issued capital of the Hong Kong Share Registrar. This holding is excluded from any reports concerning largest shareholders and similar matters. The Hong Kong Share Registrar has set up a similar account with the issued capital of the Australian register;

- when a Shareholder wishes to shunt Shares from one of the two registers (the "home register") to the other register (the "target register"), the Shareholder provides the home registrar with a written direction to that effect. The home registrar then removes the Shares from their holding, and places the Shares into the control account. A fax or email confirmation is then sent to the target registrar, who removes Shares from their control account and places the Shares into a holding in the name of the Shareholder; and

- periodically (usually at the time of each shunt) the two registrars compare their respective control accounts to confirm that all figures match.

The period of time required to shunt Shares between the Australian Share Registry and the Hong Kong Share Registrar may vary and there is no certainty of when shunted Shares will be available for trading or settlement.

In order to ensure that the control accounts in the Australian Share Registry and Hong Kong Share Registrar match, Sino Gold will make an application to both the ASX and HKSE for quotation of the New Shares issued pursuant to this Prospectus in the case of the HKSE, before the date of this Prospectus, and in the case of the ASX, within 7 days after the date of this Prospectus.

Quotation will not be automatic but will depend on ASX and HKSE exercising their discretion. Sino Gold cannot guarantee, and does not represent or imply, that the New Shares to be issued under this Prospectus will be quoted. The fact that ASX and HKSE may admit the New Shares to quotation is not to be taken in any way as an indication of the merits of Sino Gold or the New Shares.

As required by s.723(3) of the Corporations Act, in the event that the New Shares are not admitted to quotation on both the ASX and HKSE within 3 months after the date of this Prospectus, then the Offer will be withdrawn or terminated, and any funds that have been paid in acceptance of the Offer will be returned to the relevant Shareholders without interest.

9.4 SETTLEMENT AND DEALING

Dealings

The brokerage commission in respect of trades of Shares on the ASX is freely negotiable.

The transaction costs of dealings in the Shares on the HKSE include a stock exchange trading fee of 0.005%, an SFC transaction levy of 0.004%, a transfer deed stamp duty of HK$5.00 per transfer deed and ad valorem stamp duty on both the buyer and the seller charged at the rate of 0.1% each of the consideration or, if higher, the fair value of the Shares transferred. The brokerage commission in respect of trades of Shares on the HKSE is freely negotiable.

Settlement

Settlement of dealings on the ASX will take place on the third Business Day following the date of transaction.

Investors in Hong Kong must settle their trades executed on the HKSE through their brokers directly or through custodians. For an investor in Hong Kong who has deposited his/her Shares in his/her stock account or in his/her designated CCASS participant's stock account maintained with CCASS, settlement will be effected in CCASS in accordance with the CCASS Rules in effect from time to time. For an investor who holds the physical certificates, settlement certificates and the duly executed transfer forms must be delivered to his/her broker by the settlement date. An investor may arrange with his/her broker on a settlement date in respect of his/her trades executed on the HKSE. Under the HKSE Listing Rules and the CCASS Rules, the date of settlement must not be later than the second business day following the trade date on which the settlement services of CCASS are open for use by CCASS participants (T+2). For trades settled under CCASS, the CCASS Rules provide that the defaulting broker may be compelled to compulsorily buy-in by HKSCC the day after the date of settlement (T+3), or if it is not practicable to do so on T+3, at any time thereafter. HKSCC may also impose fines from T+2 onwards. The CCASS stock settlement fee payable by each counterparty to a HKSE trade is currently 0.002% of the gross transaction value subject to a minimum fee of HK$2 and a maximum fee of HK$100 per trade.

9.5 UNDERWRITING AGREEMENT

Sino Gold and Goldman Sachs JBWere have entered into the Underwriting Agreement, pursuant to which Goldman Sachs JBWere has agreed to be the Sole Bookrunner and Lead Manager of the Offer and to underwrite:

a. the Institutional Offer; and

b. the Retail Offer to residents of Hong Kong.

Goldman Sachs JBWere may at its cost appoint sub-underwriters to sub-underwrite the Offer in their absolute discretion.

9.5.1 Fees and Expenses

In consideration of Goldman Sachs JBWere performing its obligations under the Underwriting Agreement, Sino Gold has agreed to pay Goldman Sachs JBWere an Underwriting Fee of 1.5% of the gross proceeds of the Offer. In addition, Sino Gold has agreed to pay Goldman Sachs JBWere a Management Fee of 1.0% of the gross proceeds of the Offer, and an incentive fee of up to 0.5% of the gross proceeds of the Offer, payable in Sino Gold's absolute discretion.

Sino Gold must also pay or reimburse Goldman Sachs JBWere its reasonable costs including legal costs and taxes.

9.5.2 Indemnity

Sino Gold has agreed to indemnify and keep indemnified Goldman Sachs JBWere, its affiliates and related bodies corporate, and each of their officers, employees, agents and advisers ('Indemnified Parties') from and against all losses directly or indirectly suffered by, or claims made against, an Indemnified Party in connection with the Offer and the appointment of Goldman Sachs JBWere pursuant to the Underwriting Agreement. The indemnity does not apply to losses suffered by, or claims made against, an Indemnified Party to the extent those losses or claims result from any penalty or fine which that Indemnified Party is required to pay for any contravention by it of the Corporations Act, any amount in respect of which the indemnity would be illegal, void or unenforceable under any applicable law, the gross negligence, fraud, wilful default or wilful misconduct of that Indemnified Party.

9.5.3 Termination Events

Goldman Sachs JBWere may terminate the Underwriting Agreement (with respect to any of its obligations which have not yet been performed) if any of a number of specified events occur on or before completion of the Retail Offer, Institutional Offer, Retail Bookbuild and the Institutional Bookbuild. These events include:

a. a statement contained in this Prospectus or the Institutional Offering Memorandum is misleading or deceptive, or requisite information is omitted;

b. the due diligence report or any other information supplied by or on behalf of Sino Gold to Goldman Sachs JBWere in relation to Sino Gold or the Offer is misleading or deceptive;

c. any material adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of Sino Gold or the Group;

d. Sino Gold issues (otherwise than in accordance with the Underwriting Agreement) or becomes required under the Corporations Act to issue a supplementary prospectus;

e. hostilities commence or escalate involving one or more of specified countries or a major terrorist attack is perpetrated anywhere in the world;

f. a law or policy is introduced in Australia, Hong Kong or the PRC (or a proposed introduction is officially announced) which is likely to prohibit or materially adversely affect the regulation of the Offer (or the taxation treatment of the Offer securities), capital issues or stock markets;

g. a change to the Chairman, Executive Directors, Chief Executive Officer, Chief Financial Officer, or Company Secretary in Australia, and General Manager – Administration of Sino Gold occurs;

h. a Director (in that capacity) is charged with a criminal offence or becomes subject to a public regulatory action, or a Director becomes incapable of or is disqualified from managing a corporation;

i. the Company contravenes the Corporations Act 2001, the Companies Ordnance, the SFO, the Securities Act and the rules and regulations thereunder, the Exchange Act and the rules and regulations thereunder, the Constitution, any of the ASX or HKSE Listing Rules, or any other applicable law;

j. this Prospectus, any other Offer Documents, or any aspect of the Offer, does not comply with the Corporations Act, the ASIC Modifications, the Companies Ordinance, the SFO, the ASX Listing Rules and Waivers, the HKSE Listing Rules and Waivers, the Securities Act and the rules and regulations thereunder and the Exchange Act and the rules and regulations thereunder or any other applicable law;

k. the Company ceases to be admitted to the official list of ASX or HKSE or the Shares are suspended from official quotation on ASX or HKSE, or ASX or HKSE refuses to grant official quotation of the New Shares or such quotation is granted on conditions that would have a material adverse effect on the success of the Offer, or the approval is withdrawn;

l. any delay greater than 2 Business Days (in respect of the Retail Offer and Retail Bookbuild), and any period of delay insofar as it relates to the Institutional Offer and Institutional Bookbuild, in the timetable in the Underwriting Agreement occurs;

m. ASIC, the HKSE or the SFC makes or applies for certain orders, commences certain proceedings or investigates certain matters in relation to this Prospectus or the Offer;

n. Sino Gold withdraws this Prospectus or the Offer;

o. Sino Gold defaults in the performance of its obligations under the Underwriting Agreement;

p. any representation or warranty made by Sino Gold in the Underwriting Agreement is not true or correct;

q. a general moratorium on commercial banking activities in Australia, Hong Kong, the PRC, the United States or the United Kingdom is declared or there is a material disruption in commercial banking, settlement or clearance services, or trading in securities on ASX, the London Stock Exchange, the New York Stock

Exchange or HKSE is suspended or limited in a material respect, or there is an adverse change in financial, political or economic conditions or currency exchange rates or controls or financial markets in Australia, a member of the European Union, the United States or the United Kingdom or a change or development involving a prospective adverse change of that nature, the effect of which in any case is to make it impractical to promote the Offer or enforce contracts to issue New Shares;

r. ASX or HKSE withdraws, revokes or amends any waivers granted to Sino Gold in relation to the Offer;

s. an insolvency event occurs in respect of Sino Gold or any of its Related Bodies Corporate;

t. any closing certificate required to be given by Sino Gold under the Underwriting Agreement is not given by the time required;

u. any statement in a closing certificate given by Sino Gold under the Underwriting Agreement is false, misleading, deceptive or inaccurate; and

v. any person (other than Goldman Sachs JBWere) whose consent is required to the issue of this Prospectus, or any relevant accounting or legal adviser to Sino Gold, refuses or withdraws their consent.

Any event listed in paragraph (b), (e), (g), (i), (j), (o), (p) or (t), above, permits termination of the Underwriting Agreement by Goldman Sachs JBWere only if Goldman Sachs JBWere has reasonable grounds to believe that the event is likely to have a material adverse effect on the success or settlement of the Offer or is likely to lead to a contravention by, or the liability of Goldman Sachs JBWere under, any law.

9.6 CONSENTS

Phillip Uttley has given and has not, before the lodgment of this Prospectus with ASIC or delivery of this Prospectus for registration by the Registrar of Companies in Hong Kong, withdrawn his consent to the statements included in this Prospectus relating to Exploration Results, Mineral Resources or Ore Reserves (as defined in the JORC Code).

For further details of Mr Uttley's qualifications and background see Section 5.2.4.

Ernst and Young has given and has not, before the lodgment of this Prospectus with ASIC or delivery of this Prospectus for registration by the Registrar of Companies in Hong Kong, withdrawn its consent to the statements included in this Prospectus referring to the audit by Ernst & Young of the Group's consolidated financial statements for the year ending 31 December 2007, the inclusion, as Section 7 of the Prospectus, of the Independent Accountant's Report, and the inclusion, as Appendix 1 of the Hong Kong version of the Prospectus, of the Group's consolidated financial statements for the year ending 31 December 2007.

Subject to the foregoing, each of the parties referred to as consenting parties who are named below:

a. Has given and has not, before lodgement of this Prospectus with ASIC and its registration by the Registrar of Companies in Hong Kong, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named;

b. Has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based; and

c. To the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements in or omissions from this Prospectus.

Role	Consenting Parties
Sole Bookrunner, Lead Manager and Underwriter	Goldman Sachs JBWere
Co-Lead Manager	Morgan Stanley
Auditors	Ernst & Young
Legal advisers to the Company	*as to Australian law* Deacons *as to Hong Kong law* Dorsey & Whitney
Australian Share Registry	Registries Limited
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited
Competent Person	Phillip Uttley

9.7 INTERESTS OF ADVISERS

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in professional, advisory or other capacity in connection with the preparation or distribution of the Prospectus, a promoter of Sino Gold or broker to the Offer:

- holds, at the time of lodgement of this Prospectus with ASIC and its registration with the Registrar of Companies in Hong Kong, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:
  - the formation or promotion of Sino Gold;
  - the Offer; or
  - any property acquired or proposed to be acquired by Sino Gold in connection with the formation or promotion of Sino Gold or the Offer;
- has paid or agreed to pay any amount, and no one has given or agreed to give any benefit for services provided by that person in connection with the formation or promotion of Sino Gold or the Offer.

Goldman Sachs JBWere Pty Ltd has acted as Sole Bookrunner, Lead Manager & Underwriter in relation to the Offer, in respect of which it will be entitled to receive fees and commissions calculated in accordance with the terms of the Underwriting Agreement described in Section 9.5. An affiliate of Goldman Sachs JBWere Pty Ltd has entered into the gold derivative contract and foreign exchange contract as described in 6.3.2.

Morgan Stanley Australia Limited has acted as Co-Lead Manager in relation to the Offer. Goldman Sachs JBWere will pay the fees payable to Morgan Stanley from the fees paid by Sino Gold to Goldman Sachs JBWere.

Ernst and Young has performed professional accountancy services in relation to the Offer. Sino Gold will pay approximately $45,000 (excluding disbursements and GST) to Ernst and Young for its work up to the date of this Prospectus. Further amounts may be paid to Ernst and Young in accordance with time-based charges.

Deacons has acted as Australian legal adviser to Sino Gold in relation to the Offer. In respect of this work, Sino Gold will pay approximately $170,000 (excluding disbursements and GST) to Deacons for its work up to the date of this Prospectus. Further amounts may be paid to Deacons in accordance with time-based charges.

Dorsey & Whitney has acted as Hong Kong legal adviser to Sino Gold in relation to the Offer. In respect of this work, Sino Gold will pay approximately US$130,000 (excluding disbursements) to Dorsey & Whitney for its work up to the date of this Prospectus. Further amounts may be paid to Dorsey & Whitney in accordance with time-based charges.

9.8 CORPORATE INFORMATION

Role	Party
Issuer	Sino Gold Mining Limited
Australian Registered Office	Level 22 44 Market Street Sydney NSW 2000 Australia
Hong Kong Registered Office	Sino Gold Mining Limited 31st Floor Gloucester Tower The Landmark Central Hong Kong
Principal place of business	Sino Gold Mining Limited Level 22 44 Market Street Sydney NSW 2000 Australia
Website	**www.sinogold.com.au**
Company secretary (Australia)	Ivo Polovineo
Company secretary (Hong Kong)	Jane Chan Yuen Bik 31st Floor Gloucester Tower The Landmark Central Hong Kong
Authorised representative	Ivo Polovineo c/- Sino Gold Mining Limited Level 22 44 Market Street Sydney NSW 2000 Australia
Alternate authorised representative	Dennis Chi Ho Ng Flat A 18th Floor Block 5 The Grand Panorama 10 Robinson Road Mid-levels Hong Kong

9.9 PARTIES INVOLVED

Role	Party
Sole Bookrunner, Lead Manager & Underwriter	Goldman Sachs JBWere Pty Limited Level 48 Governor Phillip Tower 1 Farrer Place Sydney NSW 2000 Australia
Co-Lead Manager	Morgan Stanley Australia Limited ABN 67 003 734 576 The Chifley Tower 2 Chifley Square Sydney, NSW 2000
Auditors	*Certified Accountants:* Ernst & Young 680 George Street Sydney NSW 2000 Australia
Legal advisers to the Company	*as to Australian law* Deacons Level 18 Grosvenor Place 225 George Street Sydney, New South Wales Australia *as to Hong Kong law* Dorsey & Whitney Suite 3008, One Pacific Place 88 Queensway Hong Kong

Legal advisers to the Lead Manager	*as to Australian Law* Allens Arthur Robinson Level 27 530 Collins Street Melbourne VIC 3000 Australia *as to Hong Kong law* Allens Arthur Robinson 49/F One Exchange Square 8 Connaught Place Central Hong Kong
Australian Share Registry	Registries Limited Level 7 207 Kent Street Sydney NSW 2000 Australia
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Bankers	*Australia:* Westpac Banking Corporation Level 20, 275 Kent Street Sydney NSW 2000 Australia *Hong Kong:* Bank of China (Hong Kong) Limited 1 Garden Road Hong Kong

9.10 RELEVANT STOCK EXCHANGES

Role	Party
Primary Listing Venue	Australian Securities Exchange Exchange Centre, 20 Bridge Street Sydney NSW 2000 Australia
Secondary Listing Venue	The Stock Exchange of Hong Kong 12/F One International Finance Centre 1 Harbour View Street, Central Hong Kong

9.11 EXPENSES OF THE OFFER

The total expenses of the Offer, including underwriting, legal, accounting, tax, marketing and administrative fees as well as printing, advertising and other expenses relating to this Prospectus and the Offer, are expected to be approximately $5m of the Offer proceeds. These expenses will be borne by Sino Gold.

9.11.1 Company Secretary

Ivo Polovineo is the company secretary in Australia. Jane Chan is the company secretary in Hong Kong pursuant to the requirements of the HKSE Listing Rules. For details of Mr. Polovineo's and Ms. Chan's background, see section 5.2.4.

9.11.2 Qualified Accountant

Jacob Klein is the qualified accountant for the purposes of Rule 3.24 of the HKSE Listing Rules and works for the Company on a full-time basis. Mr. Klein obtained a Bachelor Degree in Commerce (with Honours in accounting) and a Graduate Diploma in Accounting from the University of Cape Town and started his career with Price Waterhouse (South Africa) in 1988 as a chartered accountant. Mr. Klein is an Associate of the Institute of Chartered Accountants Australia. This organization is recognized by the Hong Kong Society of Accountants for the purpose of granting exemptions from the examination requirement for membership of that society. For further details of Mr. Klein's background, see Section 5.2.1.

9.11.3 Board Practices

In the absence of extraordinary events, it is the practice of the Board to meet at least six times a year. At such meetings, the Directors conduct, among other things, an operational review of the Group's business.

9.11.4 Board Committees

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of the Board is responsible for determining and reviewing compensation arrangements for the Directors, the chief executive officer and the senior management and for making recommendations to the Board regarding candidates to fill vacancies on the Board. The Nomination and Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

To assist in achieving these objectives, the Nomination and Remuneration Committee considers the nature and amount of executive Directors' and senior executives' emoluments by reference to the Company's financial and operational performance. All senior executives have the opportunity to qualify for participation in the EOP, which currently provides incentives where specified criteria are met including criteria relating to profitability, cash flow, share price growth and environmental performance.

Audit Committee

The Board has established an Audit Committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the initial establishment and the maintenance of a framework of internal controls and ethical standards for the management of the Group to the Audit Committee.

The committee also provides the Board with additional assurance regarding the reliability of financial information for inclusion in the financial reports.

Risk Management Committee

The Risk Management Committee is responsible for ensuring that risks are identified on a timely basis and that the Group's objectives and activities are aligned with the risks and opportunities identified by the Board.

Areas of risk that are considered by the Risk Management Committee include safety, the environment, the community in which the Group operates and minimisation of business risk.

9.11.5 Disclosure of Interests

Part XV of the SFO imposes duties of disclosure of interests in Shares. The Company is presently subject to a requirement to disclose the interests of its directors and shareholders who hold 5% or more of the Shares under the ASX Listing Rules and the Corporations Act.

The Company has been granted a partial exemption by the SFC under section 309(2) from the provisions of Part XV of the SFO to prepare registers, maintain records and file disclosures of interest reports, on the condition that the Company file with the HKSE the disclosures of interest filed in Australia, which will then publish such disclosure in the same manner as disclosures made under Part XV of the SFO.

Except as set out in this Prospectus:

a. None of the Directors or Chief Executive of the Company has any interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) which is be required to be notified to the Company and the HKSE pursuant to the Model Code for Securities Transactions by Directors of listed companies.

b. There are no founder shares, management shares or deferred shares in the capital of the Company.

As at the Latest Practical Date, the interests of the directors in the shares and options of Sino Gold Mining Limited were:

	Ordinary Shares	ESIS Shares	Employee Options**	ESIS loans*
J Askew	140,000	—	—	—
J Klein	1,182,178	1,650,000	1,400,000	$758,232
H Xu	200,000	600,000	975,000	$275,723
B Davidson	215,347	—	20,000	—
P Cassidy	143,831	—	20,000	—
P Housden	10,000	—	120,000	—
T McKeith	—	—	—	—

* Loans outstanding pursuant to the terms of the Employee Share Incentive Scheme ("ESIS").

** The Board has approved additional option issues to J. Klein (500,000), H Xu (350,000) and T McKeith (120,000) which are subject to shareholder approval. Sino Gold Chief Executive Officer, Jacob Klein is considering selling up to 1,000,000 Shares in Sino Gold. Executive Director Hanjing Xu is considering selling up to 500,000 Shares in Sino Gold. These sales would occur after settlement of the Retail Offer and in accordance with the Company's employee share trading policy. In addition, Mr Klein intends to take up his full Entitlement under the Retail Offer and to fund the acquisition of his New Shares under the Retail Offer by selling an equivalent number of Shares prior to settlement of the Retail Offer. As noted in the table of shareholdings above, both Mr Klein and Mr Xu will continue hold a significant stake in Sino Gold even if they elect to proceed with the contemplated sales of part of their respective shareholdings.

Details of the shares in any member of the Group and any right or option to subscribe for or to nominate persons to subscribe for securities in any member of the Group held as at the date of this Prospectus by the experts named in Section 9 of this Prospectus are as follows:

	Ordinary Shares	ESIS Shares	Employee Options	ESIS loans
Phillip Uttley	10,000	—	770,000	—
Ernst & Young	—	—	—	—

Except as set out in this Prospectus:

a. None of the Directors or experts referred to in Section 9 of this Prospectus has any direct or indirect interest in the promotion of the Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

b. None of the Directors or experts referred to in Section 9 of this Prospectus is materially interested in any contract or arrangement subsisting at the date of this Prospectus which is significant in relation to the business of the Group taken as a whole.

Tommy McKeith is an employee of Gold Fields. Minsaco is the counterparty to the BIOX® Licence Agreement. Pursuant to the BIOX® Licence Agreement between the Jinfeng CJV and Minsaco, holder of a licence from Biomin dated June 23, 2004, the Jinfeng CJV is licensed to use the BIOX® process in connection with the Jinfeng Mine. Pursuant to the Trademark Licence Agreement between the Jinfeng CJV and Biomin dated July 26, 2005, Biomin has licensed the Jinfeng CJV to use the trademark "BIOX®" in the PRC in connection with the Jinfeng Mine.

Full details of the BIOX® Licence Agreement and the Trademark Licence Agreement were set out in the Company's Hong Kong Prospectus dated 5 March 2007.

Both Minsaco and Biomin are associates of Gold Fields Australasia, which is a substantial shareholder of the Company.

The Directors consider that both the BIOX® Licence Agreement and the Trademark Licence Agreement have been entered into on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal terms, on terms no less favourable than terms available from independent third parties.

9.11.6 Directors' Fees

The Sino Gold Constitution provides that the Directors will be entitled to remuneration out of the funds of Sino Gold as determined by the Directors but the remuneration of non executive Directors may not exceed in aggregate in any year the amount fixed by Shareholders in general meeting for that purpose. The amount last fixed by Shareholders in general meeting was A$650,000 per annum. The Directors have resolved to seek shareholder approval at the next Annual General Meeting to increase this amount by A$200,000 to A$850,000 per annum.

9.12 ASX WAIVERS

In connection with the Offer, Sino Gold has applied for and ASX has granted to Sino Gold waivers from ASX Listing Rules 7.1 and 10.11 to the extent necessary to:

- permit Sino Gold to make the Offer in the manner described in this Prospectus without the requirement to obtain Shareholder approval; and
- permit related parties of Sino Gold to participate in the Offer up to the extent of their Entitlements on the same terms as other Shareholders without the requirement to obtain Shareholder approval.

The ASX Listing Rule 7.1 waiver is subject to conditions. The effect of these conditions is to permit Sino Gold to:

- on or before the Record Date, offer New Shares pro rata to Eligible Institutional Shareholders under the Institutional Offer; and
- offer the New Shares relating to Entitlements not taken up by those Eligible Institutional Shareholders, and the New Shares relating to the Entitlements that Ineligible Institutional Shareholders would have received had they been Eligible Institutional Shareholders, to Institutional Investors via the Institutional Bookbuild, as long as:
    - Eligible Institutional Shareholders and Ineligible Institutional Shareholders who sell down their holding of Shares before the Record Date have their pro rata allocations reduced accordingly; and
    - New Shares are issued under the Institutional Offer and the Retail Offer at the same price and at the same ratio.

The ASX Listing Rule 10.11 waiver permits related parties of Sino Gold to participate in the Retail Offer on the same terms as other Eligible Retail Shareholders without a requirement to obtain Shareholder approval. The waiver is subject to the same conditions imposed in relation to the waiver from ASX Listing Rule 7.1. Additionally, it is a condition of this waiver that related parties only participate in the Retail Offer up to the extent of their pro rata entitlement.

The waivers set out the arrangements for dealing with holdings registered in the names of nominees. In particular, a nominee Shareholder is treated as a separate holder in respect of securities held for each of one or more Eligible Retail Shareholders and Eligible Institutional Shareholders (and, accordingly, may receive offers under both the Institutional Offer and the Retail Offer in respect of Shares held as nominee for other persons). Offers under the Institutional Offer will be treated as being made to the nominee, and therefore to an Eligible Institutional Shareholder, even where made directly to the Eligible Institutional Shareholder for whom the nominee holds. The waivers also allow Sino Gold to ignore, for the purposes of determining those entitled to receive Entitlements (both under the Institutional Offer and the Retail Offer) transactions occurring after the announcement of the trading halt in Sino Gold's securities on Tuesday, 20 May 2008 (other than registrations of ITS transactions which were effected before the announcement) ('post ex-date transactions'). Transactions ignored under this provision are to be ignored in determining holders and registered holders, and holdings and registered holdings, of Shares as at 7.00 pm (Sydney Time) on the Record Date, and references to such holders, registered holders, holdings and registered holdings are to be read accordingly. Therefore, if you have acquired Shares in a post ex-date transaction you will not be entitled to receive an Entitlement in respect of those Shares.

ASX has also granted waivers of ASX Listing Rules 3.20 and 7.40 to the extent necessary to permit the Offer to proceed on the timetable described in this Prospectus on condition that the Offer timetable is acceptable to ASX.

9.13 LITIGATION

Neither Sino Gold nor any member of the Group is a party to any current material litigation and the Directors have no knowledge of any potential material litigation pending or threatened against Sino Gold or any member of the Group.

9.14 AUSTRALIAN TAXATION IMPLICATIONS OF HOLDING AND DEALING WITH ENTITLEMENTS AND SHARES

9.14.1 Australian Tax Implications

The following comments address the Australian taxation implications of the Offer for Eligible Retail Shareholders. These comments deal only with the Australian taxation implications of the Offer for Eligible Retail Shareholders holding their Shares on capital account and do not apply to Eligible Retail Shareholders who hold them as part of a trading business (for example, who carry on a business of trading in shares or otherwise hold shares on revenue account).

These comments are general in nature and are based on the law in force in Australia and announced legislative changes (including changes announced by the former Minister for Revenue and Assistant Treasurer in a press release dated 26 June 2007 (“Press Release”)) at the time of issue of this Prospectus. The precise taxation implications will depend upon each Eligible Retail Shareholder’s specific circumstances and the legislation enacted to give effect to the Press Release.

Accordingly, all Eligible Retail Shareholders should seek their own independent taxation advice before reaching conclusions as to the possible taxation consequences of the Offer. Neither Sino Gold, nor any of its officers, nor its taxation or other advisers, accepts any liability or responsibility in respect of any statement concerning the Offer’s taxation consequences.

9.14.2 Double Tax Agreements

The existence of a taxation agreement between Australia and a relevant foreign country may affect the application of Australian domestic taxation laws for non-Australian residents. Eligible Retail Shareholders who are non-Australian residents for taxation purposes should seek their own advice as to the implications for them of any relevant taxation agreements between Australia and other countries.

9.14.3 Granting of an Entitlement

Historically, rights offered by a company to its shareholders to acquire shares in the company have generally been treated as not giving rise to any assessable ordinary income for the shareholders at the time the rights are issued.

The High Court of Australia in 2007 handed down its decision in the case of Federal Commissioner of Taxation v McNeil, which related to so-called 'sell back rights' provided by a bank to its shareholders. Broadly, the majority decision in McNeil was that the value of such rights would be regarded as ordinary income in the hands of the bank's shareholders at the time the rights were provided.

However, unlike the sell back rights the subject of the decision in McNeil, your Entitlement is not privately transferable or tradable on ASX. To the extent you do not accept your Entitlement, it will lapse. Further, the former Minister for Revenue and Assistant Treasurer announced in June 2007, in the Press Release, retrospective amendments to Australia's income tax law to restore the long standing taxation treatment of rights issues as being on capital account for taxation purposes. Broadly, the amendments are intended to ensure that shareholders issued with rights by companies seeking to raise capital will not have a taxation liability at the time of issue of the rights. As at the date of this Prospectus there have been no announcements made by the new Federal Government concerning the amendments proposed in the Press Release.

Based on legislation being enacted that is consistent with the statements in the Press Release, you should not make a capital gain for Australian taxation purposes or otherwise derive assessable income on the grant of an Entitlement to you under the Offer, and there should be no cost base reduction in respect of your existing Shares.

9.14.4 If You Exercise Your Entitlement

On the exercise of your Entitlement you should not make a capital gain or otherwise derive assessable income. However, as set out at Section 9.14.9 below, capital gains tax (CGT) will need to be considered upon the disposal of the New Shares you acquire.

9.14.5 If You Do Not Exercise Your Entitlement

If you do not exercise your Entitlement then it will lapse. New Shares equivalent to the number in respect of which the offer to you has lapsed will be offered under the Retail Bookbuild as described in Section 2.4.2. If the Retail Clearing Price is higher than the Offer Price, the difference will be paid on a pro rata basis to Ineligible Retail Shareholders and Eligible Retail Shareholders who do not take up their full Entitlement. Such an amount will be treated as a receipt of assessable income, derived at the time of receipt of the amount, and thus not eligible for the CGT discount (see Section 9.14.9 below).

If you are a non-Australian resident for taxation purposes, any amount received by you will likely have an Australian source and will therefore be treated as taxable in Australia, subject to any protection from Australian tax afforded under a double tax agreement. Non-Australian residents should seek their own advice in this regard.

9.14.6 Acquisition of New Shares by Exercising Your Entitlement

Your cost base in the New Shares you acquire will include the amount you paid to acquire the New Shares (A$4.00 per New Share) plus any non-deductible incidental costs you incurred to acquire them.

Distributions in respect of the New Shares will be subject to the same taxation treatment as distributions on your Existing Shares.

9.14.7 Disposal of New Shares

If you are:

- an Australian resident; or
- a non-Australian resident holding (together with associates) 10% or more of the shares in Sino Gold on the date of disposal or throughout a 12 month period during the 24 months prior to the date of disposal (and assuming that more than 50% of the value of Sino Gold's assets is attributable to taxable Australian real property (i.e. real property situated in Australia and mining, quarrying or prospecting rights where the minerals, petroleum or quarry materials are situated in Australia)),

you will, upon disposal of your New Shares, make a taxable capital gain if the capital proceeds received from disposal exceed your cost base in the New Shares. The disposal will give rise to a capital loss if the capital proceeds received from the disposal are less than your reduced cost base in the New Shares.

The New Shares that you acquire as a result of exercising your Entitlement will be treated as having been acquired by you on the day on which you exercise your Entitlement. Therefore, if the New Shares are held for at least 12 months after acquisition, Eligible Retail Shareholders who are entitled to access the CGT discount (individuals, trustees and complying superannuation funds) should be able to apply the applicable CGT discount factor to their capital gain on disposal of their New Shares (after offsetting any capital losses).

If you are not an Australian resident for taxation purposes, no CGT liability should arise if you dispose of your New Shares provided the sum of direct participation interests held by you (and your associates) in Sino Gold has been less than ten percent in the previous 24 months.

9.14.8 Stamp Duty

No stamp duty will be payable in Australia on the grant of your Entitlement, the exercise of your Entitlement or the subsequent disposal of the New Shares.

9.14.9 Goods and Services Tax (GST)

The acquisition of the New Shares acquired as a result of exercising your Entitlement will be classified as a "financial supply" for Australian GST purposes. As such, Australian GST of 10% will not apply to any Application Monies you pay in consideration for the New Shares issued on the exercise of your Entitlement.

9.15 OTHER INFORMATION

9.15.1 Employee Option Plan

The Company has established an Executive and Employee Option Plan ("EOP"). Pursuant to the EOP, no money is payable for the issue of the options and the exercise price is the weighted average price of the company's Shares on ASX over the five trading days prior to the date of offer of the options. The options expire five years after they are issued and may only be exercised three years after they are issued or such other period as the Board may determine. Senior staff are offered participation in the EOP and the Board determines the conditions on which options are issued under the EOP.

The total number of options over unissued Shares that may be issued under the EOP, when added to the number of Shares or options 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.

As at the Latest Practical Date, 8,329,634 options were issued pursuant to the EOP. Each option confers on the holder the right to acquire 1 Share.

9.15.2 Particulars of Material Service Agreements

The Company agreed to an employment arrangement on 18 February 2008 with Mr. Jacob Klein for the provision of Mr. Klein's services as President and Chief Executive Officer. The employment arrangement is for a rolling 12 months period. There are no other benefits under the employment arrangement including additional termination benefits other than normal redundancy provisions. The remuneration under the employment arrangement is subject to review on an annual basis. There are no contractual entitlements to any bonuses.

The Company agreed to an employment arrangement on 18 February 2008 with Mr. Hanjing Xu for the provision of Mr. Xu's services as Executive Director. The employment arrangement is for a rolling 12 month period. There are no other benefits under the employment arrangement including termination benefits additional other than normal redundancy provisions. The remuneration under the employment arrangement is subject to review on an annual basis. There are no contractual entitlements to any bonuses.

The Company has entered into an agreement ("Employment Agreement") with Mr. Ivo Polovineo on 1 January 2004 for the provision of his services as Company Secretary. The Employment Agreement is for a rolling 12 month period. There are no other benefits under the Employment Agreement including additional termination benefits other than normal redundancy provisions. The remuneration under the Employment Agreement is subject to review on an annual basis. There are no contractual entitlements to any bonuses.

Save as disclosed above, none of the Directors or directors of any member of the Group have entered or proposed to enter into a service agreement with the Company other than agreement expiring or determinable by the Company within one year without payment of compensation beyond statutory requirements.

9.15.3 Summary of Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered by the Group within the two years preceding the date of this Prospectus and are or may be material:

- the share sale agreement dated August 25, 2006 between (i) Sino Gold Limited; and (ii) Sino Nonferrous Metals Pty Ltd in respect of the sale by (i) to (ii) of the entire issued share capital of Sino Mining Shaanxi Limited and SM Mining Limited for a total purchase price of RMB7 million together with the funds in the bank account of Shaanxi Australia Sino Mining Limited on the completion date as defined in the share sale agreement;

- the share sale agreement dated August 25, 2006 between (i) Sino Gold Limited; and (ii) Sino Non-ferrous Metals Pty Ltd in respect of the sale by (i) to (ii) of the entire issued share capital of Sino Mining Lueyang Pty Limited on the completion date as defined in the share sale agreement for a total purchase price equivalent to the funds in the bank account of the cooperative joint venture company established pursuant to the cooperative joint venture agreement entered into between (i) and (ii);

- the heads of agreement dated November 22, 2006 among (i) Sino Gold Limited; and (ii) Gold Fields Australasia BVI Ltd., forming an alliance between (i) and (ii) for the joint development of gold mining projects in the PRC and, pursuant to which, (ii) agreed to subscribe for 6,500,000 ordinary shares in the capital of (i) at a price of A$5.58 per share;

- the Eastern Dragon share purchase agreement dated September, 11 2007 among (i) Sino Gold Mining Limited; (ii) Rockmining Group Company Limited; and (iii) Lee Kwok Shing for the acquisition of an 87.5% interest in Rockmining Group Company Limited and the related deed of amendment dated December 11, 2007 among (i) Sino Gold Mining Limited; (ii) Sino Gold Tenya (HK) Limited; (iii) Rockmining Group Company Limited; and (iv) Lee Kwok Shing for the acquisition of a 90% interest in Rockmining Group Company Limited; and

- the offer to purchase all of the outstanding common shares of Golden China Resources Corporation on the basis of 0.2222 of an ordinary share of Sino Gold Mining Limited for each common share of Golden China Resources Corporation dated October 24, 2007 and the related notice of change, variation and extension of the offer to purchase all of the outstanding common shares of Golden China Resources Corporation on the basis of 0.2222 of an ordinary share of Sino Gold Mining Limited for each common share of Golden China Resources Corporation dated November 28, 2007.

9.16 DIRECTORS' CONSENT AND AUTHORISATION

Each Director of Sino Gold has authorised and consented to the lodgment of this Prospectus with ASIC and has not withdrawn that consent prior to its lodgment with ASIC.

This document includes particulars given in compliance with the HKSE Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

9.17 DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of this Prospectus together with attachments have been registered with the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies Ordinance.

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were copies of the Entitlement and Acceptance Form and the written consents of Mr Uttley and Ernst & Young, as referred to in Section 9.6.

9.18 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Dorsey & Whitney at 88 Queensway, Suite 3008, One Pacific Place, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this document:

- the Constitution of the Company;
- the rules of the EOP;
- the Employment Agreement referred to in Section 9.15.2 of this Prospectus;
- the material contracts referred to in Section 9.15.3 of this Prospectus;
- the audited consolidated financial statements of the Company for the years ended December 31, 2006 and 2007;
- a list of the grantees under the EOP containing the details as required under the HKSE Listing Rules;
- written consents of Mr. Phillip Uttley and Ernst & Young referred to in Section 9.6; and
- Independent Accountant's Report by Ernst & Young dated 19 May 2008.

9.19 BILINGUAL PROSPECTUS

The English language version of this Prospectus and the Entitlement and Acceptance Form will prevail over their respective Chinese language versions.

Term	Definition
Applicants	Individuals or entities who submit an Application together with Application Monies
Application	An application for New Shares in the Offer made by an Applicant in an Entitlement and Acceptance Form or by such other method as approved by Sino Gold
Application Monies	Monies received from persons applying for New Shares pursuant to the terms of the Offer
ASIC	Australian Securities and Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange
ASX Listing Rules	The listing rules of ASX, as they apply to Sino Gold
Australian Share Registry	Registries Limited (ABN 14 003 209 836)
Australian Dollar, Dollar, A$ or $	Legal currency of Australia
Beyinhar CJV	Neimenggu Golden China Minerals Inc, a CJV company formed under the laws of the PRC on November 5, 2006 by Golden China Nei Men Gold Exploration Corporation (a wholly owned subsidiary of Sino Gold) and Neimenggu Non-Ferrous Geology and Minerals Co Ltd (a company incorporated under the laws of the PRC)
Beyinhar Project	A gold project located in the north of the PRC in the Inner Mongolia Autonomous Region, in which Sino Gold holds a 95% interest through its wholly owned subsidiary Golden China Nei Men Gold Exploration Corporation
Biomin	Biomin Technologies S.A., a company incorporated under the laws of Switzerland and a company associated with Gold Fields
BIOX® Licence Agreement	The licence agreement between the Jinfeng CJV and Minsaco, holder of a licence from Biomin dated 23 June, 2004
Board	Board of Directors of Sino Gold
Business Day	A Business Day as defined in ASX Listing Rules
CCASS	The Central Clearing and Settlement System established and operated by the HKSCC

Term	Definition
CCASS Rules	The General Rules of CCASS and the CCASS Operational Procedures
CCASS Participant	A person admitted to participate in CCASS
CGT	Australian Capital Gains tax
CIL	"Carbon-In-Leach", a method of leaching used in the mineral processing of gold ores, by which crushed ore is mixed with diluted sodium cyanide solution. The gold in the ore is leached out in the form of soluble compounds, which are then absorbed with activated carbon and recovered from the leached solution
CJV	Cooperative joint venture, a form of foreign investment permitted in the PRC under the CJV Law
CJV Law	The PRC Sino-Foreign Cooperative Joint Venture Law, as amended and supplemented from time to time
Closing Date	The Closing Date for the Retail Offer, being 5.00pm Sydney Time (and 4.00pm Hong Kong Time) on 12 June 2008
CNIEC	China National Import & Export Company
CNNC	China National Non-Ferrous Metal Industry Corporation
Co-Lead Manager	Morgan Stanley Australia Limited (ABN 67 003 734 576)
Companies Ordinance	Companies Ordinance (Chapter 32 of the laws of Hong Kong)
Company or Sino Gold	Sino Gold Mining Limited (ABN 42 093 518 579)
Constitution	Constitution of Sino Gold
Corporations Act	Corporations Act 2001 (Cwlth)
Director	A director of Sino Gold
Eastern Dragon Project	A gold project located in the far north east of the PRC in Heilongjiang Province, in which Sino Gold holds a 72% effective interest through its 90% interest in Rockmining Group Company Limited (a private Hong Kong based company)
EBITDA	Earnings before interest, tax, depreciation and amortisation

Term	Definition
Eligible Institutional Shareholder	A Shareholder (either directly or indirectly as or through a nominee) as at the Record Date and to whom the Company or the Lead Manager have extended an offer to subscribe for New Shares under the Institutional Offer on the basis that it is an Institutional Investor.
Eligible Retail Shareholder	A Shareholder as at 7.00pm (Sydney time) on the Record Date who: 1. has a registered address in Australia, New Zealand or Hong Kong; 2. is not located in the United States and is not a US Person or acting for the account or benefit of a US Person; 3. is not a resident of Canada; 4. is not an Eligible Institutional Shareholder or an Ineligible Institutional Shareholder; 5. does not hold Shares as a result of post ex date transactions which are disregarded in accordance with the waivers granted by ASX; and 6. is eligible under all applicable securities laws to receive an offer under the Retail Offer.
Eligible Shareholder	An Eligible Institutional Shareholder or Eligible Retail Shareholder
Eligible US Fund Manager	A dealer or professional fiduciary organized, incorporated or (if an individual) resident in the United States that is acting solely for an account (other than an estate or trust) held for the benefit or account of persons that are not US Persons for which it has sole investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S under the US Securities Act.
Entitlement	The right to subscribe for 2 New Share for every 15 Shares held or treated as held on the Record Date and Entitlements, has a corresponding meaning
Entitlement and Acceptance Form	An Acceptance Form in the form attached to or accompanying this Prospectus pursuant to which Applicants may apply for New Shares
EOP	The Sino Gold Employee Option Plan, details of which are set out in Section 9.15.1
Existing Shares	Shares issued before 7.00pm Sydney Time on 23 May 2008 (being the Record Date for the Offer)

Term	Definition
FY	Financial year ended 31 December
Gold Fields	Gold Fields Limited, a company incorporated under the laws of the Republic of South Africa
Gold Fields Australasia	Gold Fields Australasia (BVI) Limited (formerly known as Gold Fields Australasia Ltd), a company incorporated under the laws of the British Virgin Islands and a company associated with Gold Fields
Gold Forward Sales Contracts	The Group's gold forward sales contracts, which were for approximately 278,657 ounces of gold as at 30 April 2008, with an average cost per ounce of approximately US$525
Goldman Sachs JBWere	Goldman Sachs JBWere Pty Ltd (ABN 21 006 797 897)
Government Agency	A government or a governmental, semi-governmental or judicial entity or authority or any Minister, department, office or delegate of any government, in each case in any part of the world. It includes a self-regulatory organisation established under statute or a stock exchange, ASIC, SFC, ASX and HKSE.
Group	The Company and its subsidiaries (including the Jinfeng CJV)
HK$	The legal currency of Hong Kong
HKSCC	The Hong Kong Securities Clearing Company Limited
HKSE	The Stock Exchange of Hong Kong Limited
HKSE Listing Rules	The rules governing the listing of securities of the HKSE, as they apply to Sino Gold
Hong Kong Share Registrar	Computershare Hong Kong Investor Services Limited
Hong Kong Time	The time in Hong Kong
Ineligible Institutional Shareholder	A Shareholder, as at 7.00pm (Sydney time) on the Record Date, who is not an Eligible Institutional Shareholder and who the Company and the Lead Manager agree: 1. although an Institutional Investor, should not receive an offer under the Institutional Offer in accordance with rule 7.7.1(a) of the ASX Listing Rules; or

Term	Definition
	2. although not an Institutional Investor, is a person to who offers and issues of New Shares could lawfully be made in Australia without the need for disclosure to investors under Chapter 6D of the Corporations Act if that Shareholder had received the offer in Australia, and who should be treated as an Ineligible Institutional Shareholder for the purposes of the Offer. Ineligible Institutional Shareholders include Institutional Shareholders who are residents of Canada
Ineligible Retail Shareholder	A Shareholder who is not an Eligible Institutional Shareholder, an Ineligible Institutional Shareholder or an Eligible Retail Shareholder
Ineligible Shareholders	An Ineligible Institutional Shareholder or an Ineligible Retail Shareholder
Institutional Clearing Price	The price at which New Shares are issued under the Institutional Bookbuild
Institutional Bookbuild	The bookbuild conducted in connection with the Institutional Offer, as described in Section 2.6.2
Institutional Offer	The offer of New Shares to Institutional Shareholders and Institutional Investors under the Offer as described in Section 2.6
Institutional Investors	A person: 1. to whom offers and issues of New Shares may lawfully be made in Australia without the need for disclosure to investors under Chapter 6D of the Corporations Act and who is not a US Person or acting on account of or for the benefit of a US Person; or 2. to whom offers and issues of New Shares may lawfully be made outside Australia without any other lodgement, registration or approval with or by a government agency (other than one with which the Company, in its absolute discretion, is willing to comply), provided that if such a person is located in the US or a US Person, or acting for the account or benefit of a US Person, it (and any such underlying holder for whose account or benefit it is acting) must be a QIB or an Eligible US Fund Manager and if such person is a resident of Canada it must be an "accredited investor" as defined in section 1.1 of National Instrument 45-106 Prospectus and Registration Exemptions

Term	Definition
Institutional Shareholder	A Shareholder as at 7.00pm (Sydney Time) on the Record Date who is an Institutional Investor at that time
Jinfeng CJV	Sino Guizhou Jinfeng Mining Limited, a CJV company formed on July 8, 2002 and now owned by SG Guizhou (82%) and Lannigou (18%) under the laws of the PRC, which owns and operates the Jinfeng Gold Mine
Jinfeng Mine	A gold mine located in Guizhou Province, PRC, owned and operated by the Jinfeng CJV
JORC Code	The Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, published by the Joint Ore Reserves Committee (JORC) of the Australian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia (latest edition 2004)
Kt	Thousands of tonnes
Ktpa	Thousands of tonnes per annum
Lannigou	Guizhou Lannigou Gold Mine Limited, a company incorporated under the laws of the PRC, which has an 18% interest in the Jinfeng CJV
Latest Practical Date	19 May 2008
Lead Manager	Goldman Sachs JBWere Pty Ltd (ABN 21 006 797 897)
Minsaco	Minsaco BIOX® Pty Ltd, a company incorporated under the laws of Queensland, Australia
Morgan Stanley	Morgan Stanley Australia Limited (ABN 67 003 734 576)
Mt	Millions of tonnes
Mtpa	Millions of tonnes per annum
Net Proceeds	Net funds received through the Institutional and Retail Offer
New Institutional Investors	Institutional Investors who are not existing Shareholders, and to whom offers of New Shares are made pursuant to the Institutional Bookbuild or the Retail Bookbuild
New Shares	A Share offered for subscription on the basis of, and under the terms of, the Offer

Term	Definition
Offer	The offer of up to approximately 34 million New Shares to Eligible Shareholders in the proportion of 2 New Shares for every 15 Existing Shares held or treated as held on the Record Date under this Prospectus
Offer Information Line	Australia and New Zealand: 1300 737 760 (from within Australia) or +61 2 9290 9600 (from outside Australia) Hong Kong: +852 2862 8555
Offer Period	From the Opening Date to the Closing Date
Offer Price	A$4.00 or HK$29.80 per New Share. The price at which New Shares are being offered under the Offer
Opening Date	The Opening Date for the Retail Offer, being 29 May 2008
Personal Data (Privacy) Ordinance	Personal Data (Privacy) Ordinance (Chapter 486 of the laws of Hong Kong)
Placement	The placement of Shares described in Section 2.7
PRC	The People's Republic of China
Privacy Act	Privacy Act 1988 (Cth)
Prospectus	This Prospectus dated 26 May 2008
QIB	A "qualified institutional buyer" as defined in Rule 144A under the US Securities Act
Record Date	The date for determining entitlements under the Offer, being 7.00pm Sydney Time on 23 May 2008
Retail Clearing Price	The price at which the New Shares are issued under the Retail Bookbuild
Retail Bookbuild	The bookbuild to be conducted in connection with the Retail Offer, as described in Section 2.5.2
Retail Offer	The offer of New Shares to Eligible Retail Shareholders under the Retail Offer as described in Section 2.5
ROM	Run of Mine
RMB	The Renminbi, the legal currency of PRC

Term	Definition
Sanjianfang Project	A project located in Heilongjiang Province in which Sino Gold holds 70% through its wholly owned subsidiary Sino Gold HLJ Limited
SFC	The Securities and Futures Commission of Hong Kong
SFO	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended and supplemented from time to time
SGF Alliance	A strategic alliance with Gold Fields Limited, with the aim of discovering large gold deposits: 1. within a 50 kilometer wide band surrounding Sino Gold's existing projects, possessing the potential of a minimum 5,000,000 ounces of gold and capable of producing at an approximate annual rate of 500,000 ounces of gold; and 2. elsewhere in the PRC, possessing the potential of a minimum 3,000,000 ounces of gold and capable of producing at an approximate annual rate of 300,000 ounces of gold.
SG Guizhou	Sino Mining Guizhou Pty Limited, a wholly owned subsidiary of the Company incorporated on October 9, 2000 under the laws of NSW, Australia
Shareholder	The holder of a Share whose name appears in the register maintained by the Share Registry
Share(s)	Fully paid ordinary share(s) in Sino Gold
Share Registry	The Australian Share Registry and/or the Hong Kong Share Registrar, as the context requires
Sino Gold	Sino Gold Mining Limited (ABN 42 093 518 579)
Sydney Time	The time in Sydney, Australia
Trademark Licence Agreement	The trademark licence agreement between the Jinfeng CJV and Biomin dated July 26, 2005
Underwriting Agreement	The Underwriting Agreement dated on or about the date of this Prospectus between Goldman Sachs JBWere Pty Ltd and Sino Gold, the terms of which are summarized in Section 9.5 of this Prospectus
US Dollars or US$	The legal currency of the United States of America
US Persons	Has the meaning given in Rule 902(k) of Regulation S under the US Securities Act

Term	Definition
US Securities Act	The US Securities Act of 1933, as amended
VWAP	Volume weighted average price
White Mountain CJV	Sino Gold Jilin BMZ Mining Limited, a CJV company formed under the laws of the PRC on 14 November 2003 by Sino Gold BMZ Limited (a wholly owned subsidiary of Sino Gold) and Jilin Tonghua Institute of Geology and Minerals Exploration and Development (a legal entity registered under the laws of the PRC), which owns and operates the White Mountain Project
White Mountain Project	A gold project located in Jilin Province, in which Sino Gold holds a 95% interest through its wholly owned subsidiary, Sino Gold BMZ Limited

DIRECTORS' REPORT

For the year ended 31 December 2007

The Board of Directors of Sino Gold Mining Limited is pleased to submit its report in respect of the financial year ended 31 December 2007.

Directors

The names and details of the company directors in office during the financial year and to the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

James Askew (59), Chairman
B.E.(Mining) Hons, M.Eng.Sci, FAusIMM, MCIMM, MSME

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.

He is currently chairman of International Mining and Finance Corporation, a Denver-based venture capital group targeting gold and base metal opportunities.

Mr. Askew 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. Mr. Askew was appointed Chairman of Sino Gold Mining Limited in November 2006.

During the past four years Mr. Askew has served as a director of the following public listed companies:

- Climax Mining Ltd (until November 2007)
- AGD Mining Ltd (until August 2005)
- Yamana Gold Inc (until March 2007)

Jacob Klein (42), President and CEO
BCom(Hons), ACA, DipFinMarkets (Sec Inst)

Mr. Klein was appointed President and CEO of the Company at the time of its formation in June 2000. In this time he has overseen the development of the Company from a single project company into one that holds interests in a number of projects in China including Jinfeng.

He has over 16 years experience in senior finance and managerial positions in both South Africa and Australia. He joined Macquarie Bank in 1991 and in 1995, as an associate director at Macquarie, and participated in the formation of Asia Resource Capital Limited, a joint venture between Macquarie Bank and CNNC. From 1996 to June 2000 he worked for Sino Mining International. During this time he served as a member of Sino Mining International's executive committee and was its executive vice president for the period 1999 to June 2000. Mr. Klein is a non-executive director of Lynas Corporation Ltd and director of the Australia China Business Council and member of the NSW Asia Council.

During the past four years the only other listed company directorship held by Mr. Klein was in Lynas Corporation Limited.

Xu Hanjing (54), Executive Director

Mr. Xu has been involved in the non-ferrous metal industry for more than 18 years and has extensive experience in trading, commercial negotiations and management.

He co-founded Sino Mining International while president of CNIEC. Prior to his three-year presidency of CNIEC, he was a vice president from 1994 to 1996 and its Australian representative from 1989 to 1994. From 1984 to 1989 he was with the Foreign Affairs Bureau of CNNC.

His understanding of the impact of the economic changes taking place in China, and his communication and negotiating skills, have been instrumental in achieving agreements which work for both Chinese owners and Western investors and developers; as well as in orienting Chinese staff and managers towards the requirements of the market economy.

Mr. Xu heads up the group's Business Development unit, which has been instrumental in securing all of Sino Gold's joint venture agreements and positioning the Company for the acquisition of new projects.

Mr. Xu has held no other listed company directorships in the past three years.

Brian Davidson (73), Non-executive Director
LLB, FAICD

Mr. Davidson is a consultant to Deacons, a major national law firm, having retired in 2004 after 37 years as a partner. Throughout that period, he practised in corporate and commercial law, capital raisings and project finance. He has served on the board of directors of 12 publicly listed companies, including 5 as Chairman, most of which were involved in the mining and exploration industries. Currently, he is also a director of a number of large private company groups and of the Pain Management Research Institute Ltd, Royal North Shore Hospital, Sydney. He is Chairman of the Audit Committee and the Remuneration and Nomination Committee and a member of the Risk Committee. He is a Fellow of the Australian Institute of Company Directors.

Peter Cassidy (61), Non-executive Director
BSc(Eng), Ph.D., C.Eng, FAusIMM, FIMM

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.

He is also a non-executive director of Lihir Gold Limited, Energy Developments Limited and Zinifex Limited. Previous major board positions include Goldfields Kalgoorlie Limited (previously Pancontinental Mining Limited) from 1995 to 1999 and RGC Limited from 1990 to 1995. Mr. Cassidy 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.

During the past four years Mr. Cassidy has served as a director of the following public listed companies:

- Lihir Gold Limited
- Oxiana Limited (until November, 2007)
- Zinifex Limited
- Energy Developments Limited

Zhong Jianguo (50), Non-executive Director

Mr. Zhong has a teaching and practical background in accounting and finance, with detailed knowledge of the Chinese sector coupled with extensive international experience. He is a Senior Accountant certificated by the Finance Ministry of China.

He has been involved with the Chinese accounting and finance sector for more than 24 years and has held a number of senior management positions with China Minmetals Group Corporation and its subsidiaries during the past 18 years. Since March 2004 Mr. Zhong has been vice-president and chief financial officer of Sino Mining International Limited, a wholly owned subsidiary of Minmetals and a significant shareholder in Sino Gold Mining Limited. Sino Mining International's main business is alumina and nickel concentrate trading between Australia and China.

Mr. Zhong is a member of the Audit Committee.

Mr. Zhong has held no other listed company directorships in the past three years.

Peter Housden (60), Non-executive Director
B.Comm (Hons), FCPA, CFTP, FAICD

Mr. Housden has over 36 years experience in the accounting/finance/commercial fields crossing a number of industries including, manufacturing, resources, chemicals and professional services. During his 14 years as an executive in the resources sector, he was involved with petroleum, gold, coal, base metals, tin and mineral sands.

Mr. Housden's experience is wider than accounting and finance. He has led strategy reviews, managed business units and had responsibility for human resources and information technology. In addition he has continuing interest in corporate reporting and governance through membership of the AICD Reporting Committee.

Executive board experience includes; Director, Australian Chemicals Limited; Finance Director, RGC Limited and CFO/Company Secretary, MIA Group Limited. Peter is currently a non-executive director of Advanced Surgical, Design and Manufacture Limited.

Mr. Housden is a member of the Audit Committee.

Mr. Housden has held the following other listed company directorships in the past three years:

- Kaz Group Limited
- Data Dot Technology Limited

James Dowsley (49), Non-Executive Director

Mr. Dowsley is an experienced mining engineer with over 25 years in the mining industry. He has broad experience in operational management of gold mines in South Africa, as well exposure to platinum, coal and base metal operations.

Over the last 15 years Mr. Dowsley has been involved in the evaluation of gold mining opportunities. He is currently head of new business for Gold Fields Limited, a position he has held since 1998. Gold Fields Limited is a substantial shareholder of the Company.

Mr. Dowsley joined the Board on 30 July 2007.

Secretary

Ivo Polovineo (57)
PNA

Mr. Polovineo has been the company secretary for Sino Gold Mining Limited since its formation in 2000 and previously held the role of Chief Financial Officer. He has spent over 20 years in senior management roles in the resource sector including over 15 years as company secretary or Chief Financial Officer of a number of listed public companies.

Interests in Shares and Options of the Company and Related Bodies Corporate

As at the date of this report, the interests of the directors in the shares and options of Sino Gold Mining Limited were:

	Ordinary Shares	ESIS Shares	Employee Options**	ESIS loans*
				$
Askew	140,000	—	—	—
J Klein	1,032,178	1,650,000	1,400,000	758,232
H Xu	200,000	600,000	975,000	275,723
B Davidson	215,347	—	20,000	—
P Cassidy	143,831	—	20,000	—
J Zhong	—	—	120,000	—
P Housden	10,000	—	120,000	—
J Dowsley	—	—	—	—

* Loans outstanding pursuant to the terms of the Employee Share Incentive Scheme ("ESIS")

Please refer to note 17(c) for further details of options outstanding.

** The Board has approved additional option issues to J. Klein (500,000), H Xu (350,000) and J Dowsley (120,000) which are subject to shareholder approval.

Principal Activities

The principal activities during the financial year of entities within the group continue to be:

- Mining and processing of gold ore and sale of recovered gold.
- Exploration and development of mining properties.

Review and Results of Operations

Jinfeng Mine (82% Equity)

Open-cut mining performed efficiently with a total of 692,000 tones of ore mined. Development of the underground mine continues to make steady progress with total development of 741m.

Jinfeng commenced commissioning in late May. The operation achieved commercial production on 1 September 2007. A total of 449,000 tonnes of ore have been treated in the year with an overall recovery of 71.9% producing 56,981 ounces of recovered gold. Over the year 43,483 ounces of gold were sold.

Towards the end of December the mill was able to achieve a throughput rate of 190 tones per hour verses a design rate of 150 tones per hour. Mill throughput rates, BIOX throughput rates and CIL recovery were all at or ahead of design capacity but flotation recoveries remained lower than design at 82% (versus 91% design).

In late 2007 an in-principle agreement was reached with local government to amend Jinfeng's concessional tax treatment in return for improved infrastructure for Jinfeng. The Jinfeng Joint Venture has agreed to forego its entitlement to reduced income tax until 2010. By agreeing to pay an additional 10% tax equalisation amount to local government until 2010, the applicable income tax rate is now an effective 25%, the same as the national income tax rate. The highest priority infrastructure projects to be undertaken by the local government are an upgrade and surfacing of the road and an upgrade to the power supply lines, both of which have already commenced.

White Mountain (95% Equity)

In August 2007, the Board of Directors approved the development of White Mountain for an estimated project development cost of US$55 million.

Prior to the onset of winter, major earthworks for the processing plant were completed and concrete foundations poured for key areas of the plant in preparation for construction activities to resume in mid-March 2008. As of 31 December 2007 the 230m of underground development was achieved and, over the winter months, both the decline and the south ventilation decline will continue to be advanced. In addition detailed engineering design and procurement activities will be carried on over the winter months.

Eastern Dragon (72% Equity)

In late 2007, the Company entered into agreements to acquire an effective 72% interest in the Eastern Dragon Lode 5 gold-silver deposit in northern China's Heilongjiang Province at a cost of US$90 million. The Company has also secured an exclusive right to acquire up to 80% of the surrounding Exploration Licence (53km^2 in area) for a price to be determined.

Eastern Dragon Lode 5 is a high-grade, low-sulphidation epithermal gold-silver deposit with mineralisation identified over a strike length of 600m and to a depth of 250m. A Chinese exploration Brigade has identified a resource to Chinese standards however further confirmation work is required prior to reporting a Mineral Resource for Lode 5 in accordance with internationally accepted standards including Australasia's JORC Code.

At 31 December 2007 U$45 million of the total acquisition cost of U$90 million had been paid. This has enabled the Joint Venture company to make a significant payment to the Heilongjiang Ministry of Land and Resources in relation to the agreed valuation of the asset. The investment is via a 90% interest in Rockmining Group Company Limited which holds an 80% interest in the Joint Venture company.

Golden China Resource Corporation Acquisition

On 13 August 2007, Sino Gold announced an offer of one Sino Gold share for every 4.5 shares of Golden China Resources Corporation. At 31 December 2007 Sino had acquired a 94% interest in Golden China. Compulsory acquisition of the remaining shares was completed on 16 January 2008. A total of 14.2 million shares were issued under this offer plus a number of replacement options and warrants to existing Golden China option and warrant holders.

Golden China's key assets are the Beyinhar project in Inner Mongolia, the Nibao project in Guizhou Province and the BioGold processing facility in Shandong Province. These assets are complementary and are located within the three areas in which Sino Gold already has significant activity and capacity. The process to integrate Golden China's assets and management into Sino Gold is already well underway.

The preliminary acquisition accounting for the Golden China acquisition includes a restructuring provision in relation to the closure of the Golden China corporate office. The final allocation of purchase price consideration will be made in 2008.

Financial Results

The Group recorded a loss of A$24.9 million for the year ended 31 December 2007 compared to a loss of A$20.1 million for the year to 31 December 2006.

The current period results are primarily made up of earnings from Jinfeng mine following commercial production commencing on 1 September 2007, hedging losses realised for the full period, depreciation and amortisation charges, interest income, finance costs (including costs associated with early conversion of the convertible note), corporate costs, exploration expenditure written off, foreign exchange gains and a gain on the accounting impact on embedded derivatives on seed share options. The results in the previous year included the results from the Jianchaling Mine which was disposed of in the previous year.

Gross sales revenues were A$33.6 million on gold sales of 37,359 ounces made after achieving commercial production at Jinfeng on 1 September 2007. All gold is sold as dorè to refineries approved by the Shanghai gold exchange. Proceeds of A$4.1 million on the 6,124 ounces sold prior to 1 September 2007 have been offset against capitalised commissioning costs. Costs of sales of A$27.9 million includes depreciation and ammortisation (A$3.5 million), royalties (A$1.4 million), rehabilitation (A$0.3 million) and gold in circuit and finished goods movements from 30 August to 31 December 2007. Hedging losses of A$9.3 million relate to the cash settlement of 31,827 ounces of gold at an average price of US$523 per ounce. Of these A$2.1 million are related to pre-commercial production that were expensed though related to gold sales that were capitalised.

Interest income of A$3.8 million was earned on cash and cash equivalents but excluding restricted cash. Restricted cash represents cash held on deposit to secure the Renminbi working capital loan within China with China Construction Bank and interest earned on this cash is netted against interest and fees paid on the facility. Net finance costs on this facility were A$1.1 million and are included in finance costs.

Finance costs of A$14.5 million include the costs to induce early conversion of the US$35 million convertible note (A$6.5 million), borrowing costs expensed (A$0.7 million), interest charges on the US$42 million Jinfeng project facility (A$4.3 million), net interest charges on Jinfeng Standby L/C Loan (A$1.1 million) and coupon payments on the US$35 million convertible note (A$1.6 million).

During the period the company relinquished the Zhengyuan and Heishan tenements in Shandong Province and the North Mountain tenements in Xinjiang Province. The costs associated with exploration on these tenements have been written off. New exploration licences have subsequently been added to our exploration portfolio in the Shandong area by our joint venture partner to replace the relinquished properties.

The Group result was impacted by a gain of A$1.3 million (A$11.4 million loss in 2006) due to the accounting impact on embedded derivatives on seed share options which are treated as derivative liabilities rather than equity resulting in the movement in their value, along with any foreign exchange impact, being recognised as a gain or loss. During the year 4,477,776 of these options were exercised prior to maturity leaving 500,000 options maturing in 2010.

Net cash flows utilised in operating activities was A$19.8 million for the year, which included finance cost payments of A$15.2 million (including A$6.5 million of costs for conversion of the convertible note) and interest received of A$6.1 million, but excluded revenue from gold sales prior to achieving commercial production which were netted against commissioning costs. During the year A$160.4 million was absorbed by investment activities, the bulk of which pertained to exploration, evaluation and development activities.

Of this investment expenditure A$32.9 million was incurred to completion of construction of the Jinfeng plant and tailings facilities, A$15.7 million pertained to net capitalised commissioning cost until commercial production was declared at Jinfeng and A$15.1 million related to underground development and other sustaining and improving capital expenditures at Jinfeng.

Other major investment expenditure includes White Mountain development costs (A$10.8 million), Eastern Dragon acquisition payments (A$53.6 million), Golden China investment (A$5.9 million), joint venture acquisition costs (A$9.0 million) and exploration activities including exploration at Jinfeng and White Mountain (A$18.4 million).

Financing activities during the period include A$236.9 million generated from new share issues, A$56.6 million proceeds from the Renminbi working capital facility from China Construction Bank ("CCB"), loan repayment totally of A$5.1 million made up by the Jinfeng project finance facility (A$2.0 million), CCB Renminbi loan (A$1.6 million), deferred put option premium (A$0.7 million) and Jinfeng financial lease (A$0.7 million).

The Company had cash reserves of A$109.0 million at the end of the period including restricted cash of A$70.0 million. The financial statements recognise total assets of A$743.6 million and net assets of A$345.9 million giving a book value of net assets per share of A$1.55. At 31 December 2007 net current liabilities were A$82.6 million and total assets less current liabilities were A$504.8 million. In accordance with Accounting Standards net assets do not recognise the full value of the Company's Ore Reserves.

	GROUP 2007 A$'000	GROUP 2006 A$'000
Financial Results		
Sales revenue — spot	33,573	8,695
Hedging loss — pre commercial production	(2,050)	—
Hedging loss — post commercial production	(7,242)	—
Net revenue	24,281	8,695
Loss before depreciation, finance costs, exploration written off and tax	(5,218)	(13,800)
Conversion of convertible notes	(6,484)	
Other finance costs	(7,981)	(6,176)
Depreciation and amortisation	(3,573)	(78)
Deferred exploration costs written off	(1,545)	—
Loss before income tax	(24,801)	(20,054)
Income tax expense	(138)	—
Net loss	(24,939)	(20,054)

Hedging

As part of the Jinfeng project loan facility, the Jinfeng project was required to enter into a hedging program and all outstanding contracts are summarised in the table below, of which 18% is attributable to the minority partner.

Hedging Position	Fixed Forwards		Bought Put Options	
	Ounces	US$/oz	Ounces	US$/oz
2008	73,548	524	74,184	400
2009	64,612	525	74,178	400
2010	64,612	525	—	—
2011	64,612	525	—	—
2012	35,789	530	—	—
Total	**303,173**	**525**	**148,362**	**400**

Hedges cash settled prior to commercial production ceased to be classified as effective hedges. Accordingly the losses on these instruments was expensed in the income statement instead of being capitalised and these form part of the A$9.3 million in hedging losses recorded in the period. All other forward sales and put options are regarded as effective hedges and the mark to market impact is recognised in the balance sheets as a liability and in equity.

Issued Capital

In January 2007 the company completed a share placement with the issue of 6,500,000 ordinary shares at A$5.58 per share raising a total of A$36.0 million.

In March 2007 the company successfully completed a secondary listing on the Main Board of the Stock Exchange of Hong Kong Limited ("SEHK"). Total shares issued on SEHK were 19,708,912 ordinary shares at A$7.00 per share raising a total of A$133.1 million. This secondary listing was the first for an Australian company and the Company was the first pre-production mining company listed in Hong Kong.

Following approval by note holders at a meeting on 2 November 2007, the Company has issued a total of 15,383,045 shares in relation to the early conversion of its US$35 million 5.75% convertible subordinated notes due 2012.

As of 31 December 2007 a total of 13,367,870 ordinary shares were issued to acquire a 94% interest in Golden China Resources Corporation. Following compulsory acquisition completed on 16 January 2008 a total of 14,189,642 ordinary shares were issued in relation to this acquisition along with a number of replacement options and warrants issued to existing Golden China option and warrant holders.

On 14 December 2007, Sino Gold successfully arranged a A$170 million placement through the issue of 26.46 million ordinary shares to institutional investors at A$6.45 per share. Settlement of the Placement took place in two tranches of 9.79 million shares on 19 December 2007 and 16.67 million shares following shareholder approval at an Extraordinary General Meeting held on 24 January 2008. The placement was joint lead managed by Macquarie Equities Limited and Merrill Lynch and the final price represented a 4.4% discount to the closing share price of $6.75 on the day immediately prior to the announcement of the placement.

In addition, during the year a total of 5,621,776 ordinary shares were issued on the exercise of unlisted options, details of which are as follows:

- 1,777,776 shares at US$0.625 per share
- 214,000 shares at $2.69 per share
- 75,000 shares at $1.20 per share
- 3,540,000 shares at $1.00 per share
- 15,000 shares at $2.00 per share

The Company has not redeemed any of its shares during the year ended 31 December 2007. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

At 31 December 2007 Sino Gold Mining Limited had 223,432,323 ordinary shares and 10,315,559 unlisted options on issue.

Pursuant to the heads of agreement with Gold Fields Australasia, Gold Fields has a right to participate pro-rata in any future issues of shares or securities convertible into shares by the Company. No other pre-emptive rights exist in relation to issues of shares or securities.

Dividends

No dividends have been recommended, declared or paid during the year ended 31 December 2007.

Significant Changes in Affairs

There were no significant changes to the state of affairs of the Company or the Group during the year other than the issue of shares by the Parent company as stated in the Review and Results of Operations.

Significant Event after Balance Date

The following significant events have occurred after 31 December 2007:

- Second tranche of private placement of 16,669,459 shares at A$6.45 per share was approved at an Extraordinary General Meeting held on 24 January 2008 and the issue was completed on 31 January 2008.

- Compulsory acquisition of Gold China Resource Corporation was completed on 16 January 2008.

Likely Developments and Expected Results

The focus for 2008 will be on ramping Jinfeng up to design gold production rates of 15,000 ounces per month, primarily by achieving consistent production and by increasing flotation recovery rates to design rates. The development of the Jinfeng underground mine is planned to advance sufficiently to enable mining of initial ore via underground mining methods in late 2008.

The White Mountain Project will continue to be developed during 2008 and commissioning of the processing plant is planned to commence in late 2008.

A comprehensive drilling and feasibility program to test the deeper Beyinhar sulphide mineralisation will be conducted during 2008.

At the Eastern Dragon Project, work to verify and convert the Chinese resource to a JORC Code categorised resource will be conducted in 2008. Various studies are planned for 2008 to enable the project to progress towards a development decision by year end.

Environmental Regulation

The group's operating subsidiaries hold permits issued by Provincial Environmental Protection Bureau of the People's Republic of China ("PRC") which specify limits for discharges to the environment from operations as a result of group activities.

These limits are determined by State Environmental Laws and Regulations which are reviewed from time to time. The permits regulate the management of discharges to the air and storm water run-off associated with the mining operations as well as the storage of hazardous materials.

There were no significant breaches of license conditions in the financial year.

Indemnification and Insurance of Directors and Officers

The Company has arranged Directors & Officers Liability/Company Reimbursement Insurance Policies which cover all the Directors & Officers of the Company and its controlled entities. The terms of the policies prohibit disclosure of details of the amount of the insurance cover, the nature thereof and the premium paid.

Directors' Meetings

The numbers of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Meetings entitled to attend	Meetings attended
J Askew	12	12
J Klein	12	12
H Xu	12	12
P Cassidy	12	12
B Davidson	12	11
J Zhong	12	10
P Housden	12	12
J Dowsley (appointed 30/07/07)	8	7

Rounding

The amounts contained in this report have been rounded off under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the Class Order applies.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Sino Gold Mining Limited support and have adhered to the principles of corporate governance as recommended by the ASX Corporate Governance Council. The company's corporate governance statement is contained later in this annual report.

Through-out the year ended 31 December 2007 the Company has also complied with the provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("SEHK").

During the year ended 31 December 2007 the Company has, in respect of the Model Code set out in Appendix 10 of the SEHK Listing Rules:

(a) adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code; and

(b) there has been no instance of non-compliance with, the required standard set out in the Model Code and its code of conduct regarding directors' securities transactions.

Audit Committee

The Group's financial report for the year ended 31 December 2007 has been reviewed by the audit committee. The audit committee notes the ongoing interpretation under International Financial Reporting Standards which deems certain share options to be derivative liabilities rather than equity and the resultant impact of this on the balance sheet and income statement of the Company as highlighted in the financial results.

Remuneration Report (Audited)

The Company's remuneration policy is designed to attract, retain and motivate highly talented individuals to ensure the capability of our workforce to deliver the business strategy and to maximize shareholder wealth creation.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting.

The latest determination was at the Annual General Meeting held on 30 May 2006 when shareholders approved an aggregate remuneration of $650,000 per year. Directors will be seeking to increase this amount at the next Annual General Meeting.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each non-executive director receives a base fee of $85,000 for being a director of the Group. The Chairman receives a base fee of $175,000. From 1 January 2008 an additional fee of $7,500 will also be paid for each Board committee on which a non-executive director sits and $10,000 if the director is a Chair of a Board Committee with $15,000 being paid to the Chair of the Audit Committee. The payment of additional fees for serving on a committee recognises the additional time commitment required by non-executive directors who serve on one or more sub committees.

The non-executive directors do not receive retirement benefits, nor do they participate in any incentive programs.

Executive Remuneration

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, the Chief Executive Officer and the executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Cash bonuses paid and numbers of options granted are at the complete discretion of the Board and are based on individual and company performance based on set performance targets.

To assist in achieving these objectives, the Remuneration Committee considers the nature and amount of Executive Directors' and Officers' emoluments to the Company's financial and operational performance. All senior executives have the opportunity to qualify for participation in the Executive and Employee Option Plan which currently provides incentives. The options vest over 3 years and expire in 5 years provided that the employee/director remains as employee/director of the company.

Details of the nature and amount of each element of the remuneration of each director of the company and 5 named executives who receive the highest remuneration are shown below.

The key principles of the remuneration policy are to:

- Set competitive rewards to attract, retain and motivate highly skilled people.
- Implement challenging key performance indicators (KPIs) including financial and non-financial measures of performance through our Performance Management Program.
- Establish short and long-term incentive programs across the organization, for which the following principles apply:
  - *Short term annual cash bonus:*
    - Individual bonus is earned and not a right;
    - Bonus is discretionary and distribution is related to outstanding achievement;
    - Bonus is determined according to individual, team and Company performance;
    - General labour market conditions for the position will be considered; and
    - Frequency, timing and quantum of any incentive program must be approved by the CEO and the Board in respect of senior executives and executive directors.

— *Long term performance based share options:*

Senior staff will be offered participation in the Company's approved Executive and Employee Option Plan. The Board will determine the conditions on which options are issued under this Plan. The options are issued at an exercise price being the weighted average sale price of the Company's shares on ASX over the 5 trading days immediately prior to the date of issue of the options.

- Ensure remuneration planning continues to be integrated within the Company's business planning process.

- Total reward levels and performance targets will be set at appropriate levels to reflect the competitive market in which we operate; the prevailing economic environment and the relative performance of comparator companies. The aim is to position outstanding performance within the top quartile of the industry.

The remuneration structure maintains its validity by conducting annual reviews taking into account individual performance, the economic environment, the unique requirement for certain employees to travel to and spend time in China, particularly at mine sites, and relevant job and industry comparisons. The company values the contribution of both individuals and teams in achieving the goals and objectives of the business and through our Performance Management Program our employees understand how their plans and efforts are linked to the organisation's objectives and the interests of the shareholders.

The remuneration structure further recognises that whilst the Company is in the process of developing its projects and pursuing new opportunities, it should conserve its cash resources, and accordingly, where appropriate, should issue options under the approved Executive and Employee Option Plan as an integral part of its remuneration policy.

The total number of options over unissued shares that may be issued under the EOP, which added to the number of shares or options 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.

Director remuneration for the year ended 31 December 2007

	Annual Emoluments			Long Term Emoluments			
Name	Base Fee	Other*	Bonus	Super-annuation	Amortised value of options granted*	Total	% of remuneration for the year consisting of options
	$		$	$	$	$	
J Askew. . .	175,000	—	—	—	—	175,000	—%
J Klein. . . .	565,039	60,000	200,000	51,461	659,484	1,535,984	42.9%
H Xu.	366,972	22,000	125,000	33,028	423,323	970,323	43.6%
B Davidson	85,000	—	25,000	—	—	110,000	—%
P Cassidy. .	42,500	—	—	42,500	—	85,000	—%
J Zhong . . .	83,245	—	—	1,755	13,200	98,200	13.4%
P Housden.	38,991	—	25,000	46,009	63,677	173,677	36.7%
J Dowsley .	35,417	—	—	—	—	35,417	—%
	1,392,164	**82,000**	**375,000**	**174,753**	**1,159,684**	**3,183,601**	**36.4%**

* Interest benefits under ESIS loans. During the year Mr. Klein repaid $390,665 ESIS loans and Mr. Xu repaid $137,880. The loans are interest free — details of the terms of the ESIS loans are set out in note 22 of the financial statements.

Director remuneration for the year ended 31 December 2006

	Annual Emoluments			Long Term Emoluments			
Name	Base Fee	Other*	Bonus	Super-annuation	Amortised value of options granted**	Total	% of remuneration for the year consisting of options
	$		$	$	$	$	
J Askew. . .	94,799		—	—	8,467	103,266	8.2%
J Klein. . . .	527,969	80,000	150,000	47,031	303,833	1,108,833	27.4%
H Xu.	345,559	29,000	125,000	24,440	189,750	713,749	26.6%
B Davidson	85,000	—	—	—	8,467	93,467	9.1%
P Cassidy. .	131,250	—	—	31,425	8,467	171,142	4.9%
J Zhong . . .	77,982	—	—	7,018	13,200	98,200	13.4%
P Housden.	—	—	—	42,500	—	42,500	—
	1,262,559	**109,000**	**275,000**	**152,414**	**532,184**	**2,331,157**	**22.8%**

* Interest benefits under ESIS loans.

No housing or other allowances are paid to directors and no inducements are paid to directors to join the Board.

No director has waived or agreed to waive any emoluments.

Remuneration of the 5 named executives who receive the highest remuneration for the year ended 31 December 2007

	Annual Emoluments			Long Term Emoluments		
Name	**Base Fee**	**Bonus**	**Super-annuation**	**Amortised value of options granted****	**Total**	**% of remuneration for the year consisting of options**
	$	$	$	$	$	
C Johnstone — Chief Operating Officer	366,972	60,000	33,028	361,944	821,944	44.0%
P Uttley — Chief Geologist	253,211	125,000	2,752	378,229	759,192	49.8%
I Polovineo — Company Secretary	208,142	80,000	52,097	189,283	529,522	35.7%
T Norman — DGM Geology	183,486	50,000	16,514	106,011	356,011	29.8%
W Rossiter** — Chief Financial Officer	142,304	25,000	28,360	97,917	293,581	33.4%
	1,154,115	**340,000**	**132,751**	**929,456**	**2,556,322**	**36.4%**

* The fair value of options granted have been valued using an option pricing model which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. The fair value of these options has not been recorded as an expense in the financial statements. The options granted have a 3 year vesting period and accordingly the benefits are allocated over that vesting period.

These options were issued pursuant to the Company's Executive and Employee Option Plan approved by the Board on 28 August 2002 — refer Note 17(d).

** W. Rossiter commenced employment on 7 May 2007.

Remuneration of the 5 named executives who receive the highest remuneration for the year ended 31 December 2006

	Annual Emoluments			Long Term Emoluments		
Name	**Base Fee**	**Bonus**	**Super-annuation**	**Amortised value of options granted****	**Total**	**% of remuneration for the year consisting of options**
	$	$	$	$	$	
P Uttley — Chief Geologist	221,101	125,000	43,899	122,000	512,000	23.8%
C Johnstone — Chief Operating Officer	254,587	60,000	22,913	34,750	372,250	9.3%
I Polovineo — Chief Financial Officer	206,304	50,000	43,696	86,283	386,243	22.3%
S Zhang — GM HR and Administration	155,731	40,000	49,269	50,650	295,650	17.1%
D Zhang — Financial Controller	169,725	15,000	15,275	40,417	240,417	16.8%
	1,007,448	**290,000**	**175,052**	**334,100**	**1,806,600**	**18.5%**

Employment Agreements

- The Company entered into an agreement ("Employment Agreement") dated 18 February 2008 with Mr. J Klein for the provision of Mr. Klein's services as President and Chief Executive Officer. The Employment Agreement is for a rolling 12 months period. There are no other benefits under the Agreement including termination benefits other than normal redundancy provisions. The remuneration under the Agreement is subject to review on an annual basis. There are no contractual entitlements to any bonuses.

- The Company entered into an agreement ("Employment Agreement") dated 18 February 2008 with Mr. H Xu for the provision of Mr. Xu's services as Executive Director. The Employment Agreement is for a rolling 12 months period. There are no other benefits under the Agreement including termination benefits other than normal redundancy provisions. The remuneration under the Agreement is subject to review on an annual basis. There are no contractual entitlements to any bonuses.

- The Company has entered into an agreement ("Employment Agreement") with Mr. I Polovineo on 1 January 2004 for the provision of his services as Company Secretary. The Employment Agreement is for a rolling 12 month period. There are no other benefits under the Agreement including termination benefits other than normal redundancy provisions. The remuneration under the Agreement is subject to review on an annual basis. There are no contractual entitlements to any bonuses.

Save as disclosed above none of the Directors or Directors of any member of the Group have entered or proposed to enter into a service agreement expiring or determinable by the Company within one year without payment of compensation beyond statutory requirements.

During and at the end of the financial year, no director had any interest directly or indirectly in any contract of significance other than those stated above.

Compensation options: Granted and vested during the year

31/12/2007	Granted Number	Grant Date	Fair Value per option at grant date ($)	Exercise price per option ($)	Expiry Date	First Exercise Date	Last Exercise Date	Vested number	%
Directors									
J Klein	750,000	30/05/2007	2.35	6.50	31/12/2011	31/05/2010	31/12/2011	100,000	7.1
H Xu.	500,000	30/05/2007	2.35	6.50	31/12/2011	31/05/2010	31/12/2011	75,000	7.7
P Housden. .	120,000	30/05/2007	2.35	6.50	31/12/2011	31/05/2010	31/12/2011	—	—
Executives									
C Johnstone.	275,000	8/11/2007	3.76	7.65	9/11/2012	9/11/2010	9/11/2012	—	—
P Uttley. . . .	150,000	8/11/2007	3.76	7.65	9/11/2012	9/11/2010	9/11/2012	150,000	19.5
I Polovineo .	75,000	8/11/2007	3.76	7.65	9/11/2012	9/11/2010	9/11/2012	20,000	5.1
T Norman . .	20,000	8/11/2007	3.76	7.65	9/11/2012	9/11/2010	9/11/2012	—	—
W Rossiter .	150,000	9/05/2007	2.82	5.87	30/09/2012	10/05/2010	30/09/2012	—	—
W Rossiter .	75,000	8/11/2007	3.76	7.65	9/11/2012	9/11/2010	9/11/2012	—	—
Total	**2,115,000**							**345,000**	

31/12/2006	Granted Number	Grant Date	Fair Value per option at grant date ($)	Exercise price per option ($)	Expiry Date	First Exercise Date	Last Exercise Date	Vested number	%
Directors									
J Klein	500,000	31/12/2005	1.47	3.29	31/12/2010	1/01/2009	31/12/2010	300,000	28.6
H Xu.	300,000	31/12/2005	1.47	3.29	31/12/2010	1/01/2009	31/12/2010	200,000	42.1
Executives									
C Johnstone.	300,000	31/12/2006	2.35	6.50	31/12/2011	1/01/2010	31/12/2011	—	—
P Uttley. . . .	300,000	31/12/2006	2.35	6.50	31/12/2011	1/01/2010	31/12/2011	—	—
I Polovineo .	125,000	31/12/2006	2.35	6.50	31/12/2011	1/01/2010	31/12/2011	25,000	7.8
T Norman . .	130,000	31/12/2006	2.35	6.50	31/12/2011	1/01/2010	31/12/2011	—	—
W Rossiter .	—	—	—	—	—	—	—	—	—
Total	**1,655,000**							**525,000**	

Options granted as part of remuneration

31/12/2007	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Total value of options granted, exercised and lapsed during the year	Remuneration consisting of options for the year
	($)	($)	($)	($)	%
J Klein	1,762,000	569,000	—	2,331,000	42.90
H Xu	1,175,000	—	—	1,175,000	43.60
P Housden	282,000	—	—	282,000	36.70
C Johnstone	1,034,000	—	—	1,034,000	44.00
P Uttley	564,000	—	—	564,000	49.80
I Polovineo	282,000	—	—	282,000	35.70
T Norman	75,200	—	—	75,200	29.80
W Rossiter	705,000	—	—	705,000	33.40

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received the following declaration from the auditors of Sino Gold Mining Limited.

Auditor's Independence Declaration to the Directors of Sino Gold Mining Limited

In relation to our audit of the financial report of Sino Gold Mining Limited for the financial year ended 31 December 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Paul Flynn
Partner
20 February 2008

Non-Audit Services

The following non-audit service was provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amounts for the provision of non-audit service:

	$
Golden China prospectus costs	79,000
Total	**79,000**

Signed in accordance with a resolution of directors.

J Askew
Chairman

J. Klein
CEO

Sydney
20 February 2008

CORPORATE GOVERNANCE STATEMENT

For the year ended 31 December 2007

The Board of Directors of Sino Gold Mining Limited is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of Sino Gold Mining Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

In accordance with the Australian Stock Exchange Corporate Governance Council's recommendations, the Corporate Governance Statement must contain certain specific information and also report on the Company's adoption of the Council's best practice recommendations on an exception basis, whereby disclosure is required of any recommendations that have not been adopted by the Company, together with the reasons why they have not been adopted. Sino Gold Mining Limited's corporate governance principles and policies are therefore structured with reference to the Corporate Governance Council's best practice recommendations, which are as follows:

Principle 1.	Lay solid foundations for management and oversight
Principle 2.	Structure the board to add value
Principle 3.	Promote ethical and responsible decision making
Principle 4.	Safeguard integrity in financial reporting
Principle 5.	Make timely and balanced disclosure
Principle 6.	Respect the rights of shareholders
Principle 7.	Recognise and manage risk
Principle 8.	Encourage enhanced performance
Principle 9.	Remunerate fairly and responsibly
Principle 10.	Recognise the legitimate interests of stakeholders

Sino Gold Mining Limited's corporate governance practices were in place throughout the year ended 31 December 2007 and were fully compliant with the Council's best practice recommendations other than Principle 9 whereby the Company issued 120,000 options to a newly appointed non-executive director, Peter Housden. Such issue was approved by shareholders at the Annual General Meeting held on 30 May 2007. The Options were issued on the terms and conditions of Sino's Executive and Employee Option Plan and were issued 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.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report on page 1.

Corporate Governance Council Recommendation 2.1 requires a majority of the board to be independent directors. In addition, Recommendation 2.2 requires the chairperson of the company to be independent. The Corporate Governance Council defines independence as being free from any business or other relationship that could materially interfere with — or could reasonably be perceived to materially interfere with — the exercise of unfettered and independent judgment.

In accordance with the definition of independence above, and the materiality thresholds set, James Askew, Peter Cassidy, Brian Davidson and Peter Housden are viewed as the 4 independent Directors of the total 8 Directors of Sino Gold Mining Limited directors. Each of these independent directors have confirmed their independence pursuant to Rule 13.13 of SEHK and the Company therefore still considers the independent directors to be independent.

There are procedures in place, agreed by the board, to enable directors, in furtherance of their duties, to seek independent professional advice at the company's expense.

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office	Name	Term in office
J Askew	5 years	J Klein	7 years
H Xu	7 years	B Davidson	5 years
P Cassidy	5 years	J Zhong	4 years
P Housden	2 years	J Dowsley	6 months

Performance

The board has functioned efficiently and effectively to achieve its goals during the financial year. The company had measurable and qualitative indicators to assess the performance of key executives for the 2007 financial year.

It is intended that the performance criteria against which directors and executives will be assessed will be aligned with the financial and non-financial objectives of Sino Gold Mining Limited.

Board Committees

Nomination and Remuneration Committee

Recommendation 2.4 requires listed entities to establish a nomination committee. During the year ended 31 December 2007, Sino Gold Mining Limited operated a joint nomination and remuneration committee. The duties and responsibilities typically delegated to such a committee are expressly included in the board's own charter as being the responsibility of the full board. The board does not believe that any marked efficiencies or enhancements would be achieved by the creation of a separate nomination committee.

The Board is responsible for determining and reviewing compensation arrangements for the directors themselves and the chief executive officer and the executive team. The Board has established, as a single unit, a nomination and remuneration committee, comprising three non-executive directors. Members of this committee throughout the year were:

B. Davidson *(Chairman)*
P Cassidy
J Askew

This Committee convened 2 meetings during the year which was attended by all members.

Audit Committee

The Board has established an audit committee, which operates under a charter approved by the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control and ethical standards for the management of the consolidated entity to the audit committee.

The committee also provides the board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. Recommendation 4.3 deals with the structure of the audit committee and requires independence of the members of the audit committee.

The members of the audit committee during the year were:

B. Davidson *(Chairman)*
J Zhong
P Housden

The Audit Committee convened 3 meetings during the year which were attended by all members entitled to attend.

Qualifications of audit committee members

Mr. Davidson LL.B. (Hons) is Chairman of the audit committee. Mr. Davidson is a consultant to Deacons, a major national law firm, having retired in 2004 after 37 years as a partner. Throughout that period, he practised in corporate and commercial law, capital raisings and project finance. He has served on the board of directors of 12 publicly listed companies, including 5 as Chairman, most of which were involved in the mining and exploration industries. Currently, he is also a director of a number of large private company groups and of the Pain Management Research Institute Ltd, Royal North Shore Hospital, Sydney. He is a Fellow of the Australian Institute of Company Directors.

Mr. Zhong is the Chief Financial Officer of Sino Mining International Limited and has held a number of senior finance positions with Minmetals Group Limited, Beijing, including Vice General Manager Finance and General Manager Auditing.

Mr. Housden has over 35 years experience in the accounting/finance/commercial fields crossing a number of industries including, manufacturing, resources, chemicals and professional services. During his 14 years as an executive in the resources sector, he was involved with petroleum, gold, coal, base metals, tin and mineral sands. He is a Fellow CPA, a member of the Finance and Treasury Association, a Fellow of the AICD and a member of its Reporting Committee.

Risk Management Committee

The members of the Risk committee during the year were:

P Cassidy *(Chairman)*
J Askew
B Davidson

The Risk Management Committee convened 2 meetings during the year which were attended by all members.

The group takes a proactive approach to risk management. The Risk Committee is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that the group's objectives and activities are aligned with the risks and opportunities identified by the Board.

Areas of risk which are considered by the Risk Management Committee include:

- safety
- the environment
- the community in which the company operates
- minimization of business risk.

INCOME STATEMENT

For the year ended 31 December 2007

	Note	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Sales revenue (net of hedging)	2	24,281	8,695	—	—
Cost of sales		(24,509)	(7,803)	—	—
Depreciation and amortisation	2	(3,449)	—	—	—
Gross profit/(loss)		(3,677)	892	—	—
Other income	2	3,818	3,962	3,818	19,928
Occupancy expenses		(590)	(636)	(590)	(636)
Staff costs		(2,836)	(2,086)	(2,836)	(2,086)
Share base payment		(3,793)	(1,296)	(3,793)	(1,296)
Administrative expenses		(4,580)	(4,255)	(4,580)	(3,958)
Deferred exploration costs written off		(1,545)	—	(1,545)	—
Gain/(Loss) on fair value of vested share options	2	1,303	(11,421)	1,303	(11,421)
Foreign exchange gain/(loss)		1,564	962	(2,070)	—
(Loss)/profit before tax and finance costs		(10,336)	(13,878)	(10,292)	531
Conversion of convertible notes	2	(6,484)	—	(6,484)	
Other finance costs	2	(7,981)	(6,176)	(11)	(3,705)
Loss before income tax		(24,801)	(20,054)	(16,788)	(3,174)
Income tax expense	3	(138)	—	—	—
Net loss for the period		(24,939)	(20,054)	(16,788)	(3,174)
Attributable to:					
Minority interest		(1,443)	—	—	—
Members of the parent		(23,497)	—	(16,788)	—
Basic earnings per share (cents per share)	29	(13.23)	(13.7)		
Diluted earnings per share (cents per share)	29	(13.23)	(13.7)		

BALANCE SHEET

Year ended 31 December 2007

	Note	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
CURRENT ASSETS					
Cash and cash equivalents	26(a)	108,953	21,505	101,380	19,119
Trade and other receivables	4	5,196	2,550	996	1,735
Inventories	5	35,529	1,412	—	—
Other	6	6,453	6,967	2,180	6,967
Total Current Assets		156,131	32,434	104,556	27,821
NON-CURRENT ASSETS					
Receivables	7	1,331	3,067	97,528	83,304
Other financial assets	8	11,381	—	284,804	55,116
Property, plant and equipment	9	304,862	226	277	226
Deferred exploration, evaluation and development costs	10	269,859	240,074	—	—
Total Non-Current Assets		587,433	243,367	382,609	138,646
TOTAL ASSETS		743,564	275,801	487,165	166,467
CURRENT LIABILITIES					
Trade and other payables	11	101,766	25,258	53,172	7,803
Provisions	12	783	645	783	645
Interest bearing liabilities	13	106,998	9,742	—	—
Derivatives	16	29,216	25,205	2,456	19,845
Total Current Liabilities		238,763	60,850	56,411	28,293
NON-CURRENT LIABILITIES					
Interest bearing liabilities	13	34,547	89,900	—	39,998
Provisions	14	24,546	—	—	—
Deferred tax liabilities	3	4,073	—	—	—
Derivatives	16	95,755	71,138	2,475	—
Total Non Current Liabilities		158,921	161,038	2,475	39,998
TOTAL LIABILITIES		397,684	221,888	58,886	68,291
NET ASSETS		345,880	53,913	428,279	98,176
EQUITY					
Issued capital	17	527,970	168,259	527,970	168,259
Convertible notes — equity component.		—	3,228	—	3,228
Other reserves	18	(137,600)	(87,343)	(24,197)	(14,605)
Accumulated losses		(87,802)	(64,305)	(75,494)	(58,706)
Total parent entity interest		302,568	19,839	428,279	98,176
Outside equity interests		43,312	34,074	—	—
TOTAL EQUITY		345,880	53,913	428,279	98,176

STATEMENT OF CASH FLOWS

Year ended 31 December 2007

	Note	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash receipts from customers		33,767	8,695	—	—
Hedging loss		(9,292)	—	—	—
Payments to suppliers and employees		(35,225)	(14,838)	(9,644)	(7,214)
Interest received		4,946	1,516	4,946	1,510
Finance costs paid		(15,225)	(3,842)	(7,255)	(2,671)
Other receipts		66	317	66	21
Net Cash Flows used in Operating Activities	26(b)	(20,963)	(8,152)	(11,887)	(8,354)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant & equipment		1,251	—	1,251	—
Payment for property, plant and equipment		(278)	(107)	(278)	(107)
Exploration, evaluation and development		(104,467)	(117,893)	—	—
Acquisition of Golden China Resources Corporation		(5,867)	—	—	—
Acquisition of Eastern Dragon asset		(51,044)	—	—	—
Net Cash Flows (used in)/from Investing Activities		(160,405)	(118,000)	973	(107)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from employee loan repayments		1,243	394	1,243	394
Repayment of loans		(5,077)	—	—	—
Loans (to)/from related entities		—	—	(114,030)	(51,012)
Proceeds from share issues		236,863	66,034	236,863	66,034
Share issue costs		(11,842)	(3,685)	(11,842)	(3,685)
Proceeds from bank loan		56,640	60,640	—	—
Hong Kong listing fees prepaid		—	(854)	—	(854)
Net Cash Flows from Financing Activities		277,827	122,529	112,234	10,877
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		96,459	(3,623)	101,320	2,416
Add opening cash brought forward		21,505	28,769	19,119	14,565
Effects of exchange rate changes on cash		(9,011)	(3,641)	(19,059)	2,138
CLOSING CASH	26(a)	108,953	21,505	101,380	19,119

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2007

	Year to 31 December 2007					
	Issued capital	Convertible notes Equity component	Retained earnings	Other Reserves	Outside equity interest	Total
	$'000	$'000	$'000	$'000	$'000	$'000
CONSOLIDATED						
At 1 January 2007	168,259	3,228	(64,305)	(87,343)	34,074	53,913
Currency translation differences	—	—	—	(6,090)	(3,015)	(9,105)
Effective hedging loss recycled to income statement	—	—	—	6,423	—	6,423
Ineffective hedging loss expensed	—	—	—	2,869	—	2,869
Movement in fair value of cashflow hedges — Note 16	—	—	—	(59,648)	—	(59,648)
Total income and expenses for the year recognised directly in equity	—	—	—	(56,446)	(3,015)	(59,461)
Loss for the year	—	—	(23,497)	—	—	(23,497)
Total income and expenses for the period	—	—	(23,497)	(56,446)	(3,015)	(82,958)
Allotment of new shares	321,587	—	—	—	—	321,587
Convertible notes conversion into equity	44,457	(3,228)	—	—	—	41,229
Exercise of options	5,509	—	—	—	—	5,509
Share issue costs	(11,842)	—	—	—	—	(11,842)
Movement in the fair value of share options	—	—	—	16,092	—	16,092
Cost of share based payments	—	—	—	3,793	—	3,793
Re-measurement of minority interest	—	—	—	(13,696)	13,696	—
Minority interest share of loss for the period	—	—	—	—	(1,443)	(1,443)
At 31 December 2007	527,970	—	(87,802)	(137,600)	43,312	345,880
At 1 January 2006	101,949	3,228	(44,251)	(32,243)	11,491	40,174
Hedge mark to market — Note 16	—	—	—	(52,550)	—	(52,550)
Currency translation differences	—	—	—	(3,846)	—	(3,846)
Total income and expenses for the year recognised directly in equity		—		(56,396)	—	(56,396)
Loss for the year	—	—	(20,054)	—	—	(20,054)
Total income and expenses for the period	—	—	(20,054)	(56,396)	—	(76,450)
Allotment of new shares	63,531	—	—	—	—	63,531
Share issue costs	(3,685)	—	—	—	—	(3,685)
Exercise of options	6,464	—	—	—	—	6,464
Cost of share based payments	—	—	—	1,296	—	1,296
Share of Jinfeng construction costs	—	—	—	—	22,583	22,583
At 31 December 2006	168,259	3,228	(64,305)	(87,343)	34,074	53,913

Year to 31 December 2006

	Issued capital	Convertible notes Equity component	Retained earnings	Other Reserves	Total
	$'000	$'000	$'000	$'000	$'000
PARENT					
At 1 January 2006	101,949	3,228	(55,532)	(31,305)	18,340
Accounting restatement — recognised hedging reserve on Parent *				28,435	28,435
Restated balance at 1 January 2006	101,949	3,228	(55,532)	(2,870)	46,775
Currency translation differences	—	—	—	15,404	15,404
Total income and expenses for the year recognised directly in equity	—	—	—	15,404	15,404
Loss for the period	—	—	(3,174)	—	(3,174)
Total income and expenses for the year	—	—	(3,174)	15,404	12,230
Allotment of new shares	63,531	—	—	—	63,531
Share issue costs	(3,685)	—	—	—	(3,685)
Exercise of options	6,464	—	—	—	6,464
Cost of share based payments	—	—	—	1,296	1,296
At 31 December 2006	168,259	3,228	(58,706)	(14,605)	98,176
Currency translation differences	—	—	—	(26,996)	(26,996)
Total income and expenses for the year recognised directly in equity	—	—	—	(26,996)	(26,996)
Loss for the period	—	—	(16,788)	—	(16,788)
Total income and expenses for the year	—	—	(16,788)	(26,996)	(43,784)
Allotment of new shares	321,587	—	—	—	321,587
Convertible notes conversion into equity	44,457	(3,228)	—	—	41,229
Exercise of options	5,509	—	—	—	5,509
Share issue costs	(11,842)	—	—	—	(11,842)
Movement in the fair value of share options	—	—	—	13,611	13,611
Cost of share based payments	—	—	—	3,793	3,793
At 31 December 2007	527,970	—	(75,494)	(24,197)	428,279

* The cash-flow hedge liabilities and equity reserve have previously been disclosed within the parent entity balance sheet.

The cash-flow hedges are recorded in Sino Gold Guizhou Pty Limited, which is a wholly-owned subsidiary of the parent entity. The effect was to understate the parent entity equity by $28.4 million and overstate liabilities by $28.4 million as at 1/1/06, and to understate parent equity by $79.0 million and overstate liabilities by $79.0 million as at 31/12/06. There is no 2006 income statement impact. The cash-flow hedges remain accounted for correctly in the consolidated entity and so have not required restatement. There is no impact on the underlying hedge accounting treatment in Sino Gold Guizhou Pty Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2007

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report has been prepared in accordance with the historical cost convention except for derivative financial instruments that have been measured at fair value.

The financial report is presented in Australian dollars and all values rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the company under ASIC class order 98/100. The company is an entity to which the class order applies.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). The financial report also complies with International Financial Reporting Standards (IFRS).

The following table lists all applicable standards/interpretations not yet effective for the 31 December 2007 year end that the group has elected not to early adopt.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	Amending standard issued as a consequence of AASB Interpretation 11 AASB 2 — *Group and Treasury Share Transactions.*	1 March 2007	This is consistent with the Group's existing accounting policies for share-based payments, so the amendments are not expected to have any impact on the Group's financial report.	1 January 2008
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 *Operating Segments.*	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However the amendments may have an impact on the Group's segment disclosures as segment information included in internal management reports is more detailed than is currently reported under AASB 114 *Segment Reporting.*	1 January 2009

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2007-4	Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments [AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038]	Amendments arising as a result of the AASB decision that, in principle, all options that currently exist under IFRSs should be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment.	1 July 2007	These amendments are expected to reduce the extent of some disclosures in the Group's financial report.	1 January 2008
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Amending standard issued as a consequence of revisions to AASB 123 *Borrowing Costs.*	1 January 2009	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has capitalised borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	1 January 2009
AASB 2007-7	Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]	Amending standards for wording errors, discrepancies and inconsistencies.	1 July 2007	The amendments are minor and do not affect the recognition, measurement or disclosure requirements of the standards. Therefore the amendments are not expected to have any impact on the Group's financial report.	1 January 2008
AASB 2007-8	Amendments to Australian Accounting Standards arising from AASB 101	Amending standard issued as a consequence of revisions to AASB 101 *Presentation of Financial Statements*	1 January 2009	The amendments are expected to only affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts under the current AASB 101. The Group has not determined at this stage whether to present the new statement of comprehensive income as a single or two statements.	1 January 2009

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 8	Operating Segments	New standard replacing AASB 114 *Segment Reporting*, which adopts a management approach to segment reporting.	1 January 2009	Refer to AASB 2007-3 above.	1 January 2009
AASB 101 (revised)	Presentation of Financial Statements	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	Refer to AASB 2007-8 above.	1 January 2009
AASB 123 (revised)	Borrowing Costs	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset must be capitalised.	1 January 2009	Refer to AASB 2007-6 above.	1 January 2009
AASB Interpretation 4 (revised)	Determining whether an Arrangement contains a Lease	The revised Interpretation specifically scopes out arrangements that fall within the scope of AASB Interpretation 12.	1 January 2008	Refer to AASB 2007-2 above.	1 January 2008
AASB Interpretation 11	AASB 2 — Group and Treasury Share Transactions	Addresses whether certain types of share-based payment transactions with employees (or other suppliers of good and services) should be accounted for as equity-settled or as cash-settled transactions under AASB 2. It also specifies the accounting in a subsidiary's financial statements for share-based payment arrangements involving equity instruments of the parent.	1 March 2007	Refer to AASB 2007-1 above.	1 January 2008

* designates the beginning of the applicable annual reporting period unless otherwise stated

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Sino Gold Mining Limited and its subsidiaries ('the Group').

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist. All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. The parent entity measures its investment in subsidiaries at cost.

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Sino Gold Mining Limited has control.

The minority interests represent the interest not held by the Group.

(d) Foreign currency translation

Both the functional currency of Sino Gold Mining Limited and its Australian subsidiaries is United States dollars ("US$"). The presentation currency of the Group is Australian dollars ("A$").

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences in the consolidated financial report are taken to the income statement with the exception of differences on foreign currency borrowings that provide a hedge against a net investment in a foreign entity. These are taken directly to equity until the disposal of the net investment, at which time they are recognised in the income statement. Tax charges and credits attributable to exchange differences on those borrowings are also recognised in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the overseas subsidiaries is Renminbi Yuan ("RMB").

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Sino Gold Mining Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(e) Property, plant and equipment

Cost and Valuation

Items of property, plant and equipment are carried at cost less accumulated depreciation and any impairment in value.

Mineral properties

Acquired mineral rights and pre-stripping costs are capitalised and classified as 'Mineral properties'.

Waste pre-stripping costs incurred during the production phase are charged to the income statement as operating costs when the ratio of waste material to ore extracted is expected to be constant throughout its estimated life. When the ratio of waste to ore is not expected to be constant, production stripping costs are accounted for as follows:

- All costs are initially charged to the income statement and classified as operating costs.
- When the current ratio of waste to ore is greater than the estimated life-of-mine ratio, a portion of the stripping costs is capitalised.
- In subsequent years when the ratio of waste to ore is less than the estimated life-of-mine ratio, a portion of capitalised stripping costs is charged to the income statement as operating costs.

Depreciation

Depreciation is provided on a straight-line basis over the estimated useful life of the asset, other than mine property and equipment, which are depreciated on a unit of production basis to an estimated residual value.

Major depreciation periods are 5 to 15 years for non-mining plant and equipment or the lease term for leasehold improvements.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing 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.

(f) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(g) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are de-recognised and as well as through the amortisation process.

Borrowing costs

Borrowing costs are recognised as an expense when incurred. In relation to qualifying assets, the borrowing costs directly associated with this asset are capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

(h) Convertible Notes

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the balance sheet, net of issue costs.

On the issue of the convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a long-term liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time, is recognised as a finance cost.

The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of issue costs. The value of the conversion option is not changed in subsequent years.

The corresponding equity dividends on those shares are charged as a distribution of profit and loss.

Issue costs are apportioned between the liability and equity components of the convertible notes based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

(i) Provisions and employee benefits

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Rehabilitation

Provisions are made for mine rehabilitation and restoration. The present value of restoration obligations is recognised at commencement of the mining operations where a legal or constructive obligation exists at that time. The provision is recognised as a non-current liability with a corresponding asset recognised in relation to the mine site. At each reporting date the rehabilitation liability is remeasured in line with changes in discount rates, and timing or amount of the costs to be incurred.

The provision recognised represents management's best estimate of the present value of the future costs required. Significant estimates and assumptions are made in determining the amount of restoration and rehabilitation provisions. Those estimates and assumptions deal with uncertainties such as: requirements of the relevant legal and regulatory framework; the magnitude of possible contamination and the timing, extent and costs of required restoration and rehabilitation activity. These uncertainties may result in future actual expenditure differing from the amounts currently provided.

The provision recognised is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for operating sites are recognised in the balance sheet by adjusting both the restoration and rehabilitation asset and provision. Such changes give rise to a change in future depreciation and financial charges.

Employee leave benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(j) Share-based payment transactions

The Group provides benefits to employees (including directors) of the Group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions'). The Executive and Employee Option Plan (EOP) is in place to provide these benefits. Options granted under this vest over a three year period and have no attaching market or performance conditions.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a Black Scholes model and amortised over the vesting period.

The fair value of options as at the grant date is expensed to the income statement over the vesting period to the extent that it is expected that that these options will ultimately vest (ie — the service and performance conditions will be met). No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at the grant date.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Options granted to investors where there is no share based payment relationship and are denominated in a foreign currency are accounted for as derivative liabilities. These options are recorded on the balance sheet at fair value with any movements in fair value recorded directly in the income statement.

(k) 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:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer, being when the gold bullion leaves the mine site.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(l) Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

- Consumable stores and spares — purchase cost on first-in-first-out basis; and
- Finished goods and work-in-progress — cost of direct material and labour and a proportion of manufacturing overhead based on normal operating capacity.
- Gold in circuit and in transit — cost of direct material and labour and a proportion of manufacturing overhead based on normal operating capacity.
- Ore stockpiles — cost of direct material and labour and a proportion of manufacturing overhead based on normal operating capacity.

(m) Derivative financial instruments

Forward Gold Hedges

The consolidated entity enters into forward gold hedges where it agrees to sell specified ounces of gold at a predetermined gold price. The objective of these hedges is to match the forward agreements with anticipated cash flows from future gold sales and as such are considered "cash flow" hedges under AASB139. The fair value of all qualifying cash flow hedges is recorded on the balance sheet. Movements in fair value, to the extent the hedges are effective, are recorded as a separate component of equity and released to the profit and loss at the time the hedged transaction occurs.

The fair value of forward gold hedge contracts are calculated by reference to current gold forward hedge contracts with similar maturity profiles on similar instruments. If the forecast transaction is no longer expected to occur, amounts recognised in equity are transferred to the income statement.

As at 31 December 2007, all gold derivatives have been treated as qualifying cash flow hedges.

(n) Income tax and other taxes

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

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:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits 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 credits and unused tax losses can be utilised, except:

- When 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; or

- When the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it 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.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Value Added Tax

Gold sales in China are exempt from value added tax and no value added tax refunds are available for input tax credits other than for value added tax incurred on fixed assets for enterprises classified under the Encouraged Category as defined by the Chinese Development and Reform Committee.

Accordingly input value added tax paid is attached to the expenditure items and accounted for in the same manner as those items except where an input value added tax credit can be claimed in which case a current receivable is recognised.

(o) Cash and cash equivalents

Cash in the balance sheet comprise cash at bank and short term deposits with an original maturity of three months or less.

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

Restricted cash represents cash held on deposit to secure the RMB working capital loans within China. These loans are securitised by Standby Letters of Credit issued by off-shore China banks on which restricted cash is held on deposit.

(p) Exploration and evaluation costs

Costs arising from exploration and evaluation activities are carried forward provided such costs are expected to be recouped through successful development, or by sale, or where exploration and evaluation activities have not at balance date reached a stage to allow a reasonable assessment regarding the existence of economically recoverable reserves.

Grants and subsidies are offset against costs as incurred. Costs carried forward in respect of an area of interest that is abandoned are written off in the period in which the decision to abandon is made.

(q) Development costs

Costs incurred in the development and construction of a mining operation are capitalized to the extent that the carrying amount does not exceed recoverable amount. Once production commences the carrying value is transferred to property, plant and equipment and depreciated accordingly.

(r) Significant accounting estimates

Option Values

The Group is required to determine the fair value of options granted to employees and seed investors as per the accounting policy note in paragraph (j) above. The fair value is determined using a Black Scholes model with the assumption detailed in Note 17(c).

Gold Derivatives

The Group is also required to determine the fair value of gold derivatives as per the accounting policy note in paragraph (m) above.

Rehabilitation

The group is required to estimate the rehabilitation costs of its operations in the accounting policy note in paragraph (i) above. The estimate is based on management best estimate of the cost.

Exploration and evaluation costs

The group applies judgment in determining which exploration costs should be capitalised or expensed as per the accounting policy in above note (p).

Reserves

Reserves are estimates of the amount of metal that can be economically and legally extracted from the Group's mining properties. In order to calculate reserves, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity prices and exchange rates.

Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. This process may require complex and difficult geological judgments and calculations to interpret the data.

The Group is required to determine and report ore reserves in Australia under the principles incorporated in the Australasian Code for Reporting of Mineral Resources and Ore Reserves December 2004, known as the JORC Code. The JORC Code requires the use of reasonable investment assumptions to calculate reserves.

Because the economic assumptions used to estimate reserves change from period to period, and because additional geological data is generated during the course of operations, estimates of reserves may change from period to period. Changes in reported reserves may affect the Group's financial results and financial position in a number of ways, including the following:

- Asset carrying values may be affected due to changes in estimated future cash flows.
- Depreciation, depletion and amortisation charged in the income statement may change where such charges are determined by the units of production basis, or where the useful economic lives of assets change.
- Overburden removal costs recorded on the balance sheet or charged to the income statement may change due to changes in stripping ratios or the units of production basis of depreciation.
- Decommissioning, site restoration and environmental provisions may change where changes in estimated reserves affect expectations about the timing or cost of these activities.
- The carrying value of deferred tax assets may change due to changes in estimates of the likely recovery of the tax benefits.

(s) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price as at the date of exchange. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Except for non-current assets or disposal groups classified as held for sale (which are measured at fair value less costs to sell), all identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Goodwill on acquisition, being the excess of the cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired, is recognised mineral reserves as goodwill does not exist within the mining industry. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(t) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other operating business segments. Management has assessed the reportable business segments under AASB 114 Segment Reporting and have determined that on adoption of AASB 8 Segment Reporting (applicable from 1 January 2009), no additional operating segments will most likely be reported. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(u) Investments and other financial assets

Investments and financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are categorised as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Designation is re-evaluated at each financial year end, but there are restrictions on reclassifying to other categories.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of assets not at fair value through profit or loss, directly attributable transaction costs.

Recognition and de-recognition.

Regular purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place. All regular purchases and sales of financial assets are recognised on the trade date being the date that the Group commits to purchase the asset. Financial assets are de-recognised when the right to receive cash flows from the financial assets have expired or been transferred.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on financial assets held for trading are recognised in profit or loss and the related assets are classified as current assets in the balance sheet.

Available-for-sale securities

Available-for-sale investments are those non-derivative financial assets, principally equity securities, that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for sale securities are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is de-recognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques. Such techniques include: using recent arm's length market transactions; reference to the current market value of another instrument that is substantially the same; discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible and keeping judgmental inputs to a minimum.

Investments in subsidiary are held at cost.

(v) Trade and other payables

Trade and other payables are carried at amortised cost due to their short term nature and are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition, except retention amounts which will be due after 12 months. Amounts due after 12 months are discounted where the effect is material.

(w) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, 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.

Diluted earnings per share is calculated as net profit attributable to members of the parent, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(x) Contributed equity

Ordinary shares are classified as 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.

2. PROFIT AND LOSS ITEMS

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Loss from ordinary activities is after crediting the following revenues:				
Revenue from operating activities:				
Product sales — spot	33,573	8,695	—	—
Hedging loss — pre commercial production	(2,050)	—	—	—
Hedging loss — post commercial production	(7,242)	—	—	—
Sales revenue	24,281	8,695	—	—
Income from non-operating activities:				
Interest received	3,752	1,516	3,752	1,510
Gain on sale of Jianchaling	—	2,129	—	18,397
Other	66	317	66	21
Total other income	3,818	3,962	3,818	19,928
Loss from ordinary activities is after charging the following expenses:				
Depreciation and amortisation:				
Depreciation of:				
— Leasehold improvements	678	12	20	12
— Plant, property and equipment	2,895	66	104	66
	3,573	78	124	78
Finance costs:				
Conversion of convertible notes*	6,484	—	6,484	—
Amortization of borrowing costs	696	555	209	449
Borrowing costs**	7,285	5,620	(198)	3,255
	14,465	6,176	6,495	3,705
Other expense items:				
Government mining royalties incurred	198	253	—	—
Operating lease rental	268	250	268	250
Deferred exploration costs written off	1,545	—	1,545	—
Share based payment	3,793	1,296	3,793	1,296
(Gain)/Losses on fair value movement of vested seed options***	(1,303)	11,421	(1,303)	11,421

* Refer to Note 13 — comment (a).

** Under the Jinfeng Standby L/C facility RMB lending is secured by cash held on deposit that earns interest by the parent entity. This interest income is, on consolidation, netted against the interest paid on the RMB lending in relation to Jinfeng.

*** Last year's loss and this year's gain are both related to the movement in the fair value of options granted to seed shareholders. The accounting policy is described in note 1(j) above.

3. INCOME TAX

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
(a) Income tax expense				
The major components of income tax expense are:				
Current income tax charge	—	—	—	—
Deferred income tax				
Relating to origination and reversal of temporary differences	(138)	—	—	—
Income tax expense reported in the income statement	(138)	—	—	—
(b) A reconciliation of income tax expense applicable to accounting loss before income tax at the statutory income tax rate to income tax expense is as follows:				
Accounting loss before income tax	(24,801)	(20,054)	(16,788)	(3,174)
At the statutory income tax rate of 30% (2006: 30%)	(7,440)	(6,016)	(5,036)	(952)
Overseas tax rate differential	1,240	—	—	—
Deferred tax asset not recognized	6,062	6,016	5,036	952
Income expense relating to ordinary activities	(138)	—	—	—
Deferred tax asset* arising from tax losses and timing differences not brought to account at balance date as realisation of the benefit is not regarded as probable	6,299	10,491	6,299	10,491

	Group Balance Sheet		Group Income Statement	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
(c) Recognised deferred tax assets & liabilities				
Deferred tax liabilities:				
Accelerated depreciation	(777)	—	(777)	—
Mineral tenements	(3,935)	—	—	—
Deferred tax assets:				
Expenses not immediately deductible	639	—	639	—
Net deferred tax liabilities	(4,073)	—	(138)	—

The net movement of $138,000 has been recognized in the tax expense in the income statement for 2007.

There was no income tax expense impact for 2006. There are no deferred tax balances in the parent entity.

* This deferred tax asset will only be obtained if:

(a) Future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised

(b) The conditions for deductibility imposed by tax legislation continue to be complied with

(c) No changes in tax legislation adversely affect the company in realizing the benefit and

(d) The company continues to satisfy either the continuity of ownership test or same business test

4. RECEIVABLES — CURRENT

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Amounts due from sale of non-current assets**	454	1,315	454	1,315
Concentrate deposits	3,774	—	—	—
Insurance compensation	269	—	—	—
Other	699	1,235	542	420
	5,196	2,550	996	1,735

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. No amounts are past their due date or impaired.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

Detail regarding liquidity risk and foreign currency risk exposure is disclosed in note 28.

5. INVENTORIES — CURRENT

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Gold in Circuit and in transit — at cost	15,003	—	—	—
Ore stockpiles	5,573	145	—	—
Consumable stores and spares	6,522	1,267	—	—
Gold in safe	4,338	—	—	—
Concentrate inventory	4,093	—	—	—
	35,529	1,412	—	—

6. OTHER — CURRENT

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Prepaid costs	1,465	6,345	1,294	6,345
Prepaid development costs	3,190	—	—	—
Prepayment for salary	886	—	886	—
Other prepayments	912	622	—	622
	6,453	6,967	2,180	6,967

7. RECEIVABLES — NON-CURRENT

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Employee loans *	1,180	2,423	1,180	2,423
Amounts due from sale of non-current assets**	151	644	151	644
Amounts due from controlled entities	—	—	96,197	80,237
	1,331	3,067	97,528	83,304

* Loans to employees pursuant to the terms of the Sino Gold Mining Limited Employee Share Incentive Scheme ("ESIS") — secured only against issued shares — refer note 17(d).

** Relates to amounts due from the sale of Tianjianshan in 2003. This amount is interest free and the remaining amount due is US$400,000 on 31 December 2008 and US$150,000 on 31 December 2009.

Due to the nature of these receivables, their carrying value is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair vale of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

Detail regarding liquidity risk and foreign currency risk exposure is disclosed in note 28.

8. OTHER FINANCIAL ASSETS — NON-CURRENT

	Interest held %	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Investments in subsidiaries					
Sino Mining Copper Ltd (a)	100	—	—	—	—
Sino Mining Guizhou Pty Ltd (b)	100	—	—	—	—
Sino Mining Sichuan Pty Ltd (b)	100	—	—	—	—
Sino Gold Jinluo Limited (a)	100	—	—	—	—
Sino Gold Jindu Limited (a)	100	—	—	—	—
Sino Gold BMZ Limited (a)	100	—	—	—	—
Sino Gold HLJ Limited (a)	100	—	—	—	—
Sino Gold Guoxin Limited (a)	100	—	—	—	—
Sino Gold Jiaodong Limited (a)	100	—	—	—	—
Sino Gold Golden Triangle Limited (a)	100	—	—	—	—
Sino Gold Greatland Limited (a)	100	—	—	—	—
Sino Gold SPD Limited (c)	100	—	—	—	—
Sino Gold SEL Limited (c)	100	—	—	—	—
Sino Guizhou Jinfeng Mining Limited (d)	82	—	—	39,701*	44,231
Sino Guizhou Jinluo Mining Limited (d)	65	—	—	2,269*	2,527
Sino Gold Jilin BMZ Mining Limited (d)	95	—	—	11,025	7,582
Shandong Sino Gold Fields Ludi Limited (d)	70	—	—	1,169	646
Shandong Sino Gold Fields Zhengyuan Limited (d)**	80	—	—	—	130
Sino Guangxi Golden Triangle Mining Limited (d)	70	—	—	1,265	—
Sino Guizhou Greatland Mining Limited (d)	70	—	—	306	—
Sino Zhaoyuan Xinxin Mining Limited (d)	70	—	—	510	—
Heilongjiang Sino Gold Strike Mining Limited (d)	70	—	—	567	—
Sino Gold Guizhou Jindu Mining Limited (d)	75	—	—	1,163	—
Golden China Resources Corporation (e)***	94	—	—	90,233	—
Golden China International Inc. (f)***	94	—	—	—	—
Golden China Subsidiary Australia (b)***	94	—	—	—	—
Golden China Nibao Gold Corporation (c)***	94	—	—	—	—
Golden China Neimen Gold Exploration Corporation (c)***	94	—	—	—	—
Michelago Limited (b)***	94	—	—	—	—
Guizhou APAC Minerals Inc. (d)***	65.8	—	—	13,371	—
Neimen APAC Resources Corporation (d)***	94	—	—	7,963	—
Sashimo Pty Ltd (b)***	94	—	—	—	—
Michelago (Hong Kong) Limited (g)***	94	—	—	—	—
Michelago (China Mining) Pty Ltd (b)***	94	—	—	—	—
Michelago (China) Exploration Pty Ltd (b)***	94	—	—	—	—
Michelago China (Xinjiang) Pty Ltd (b) ***	94	—	—	—	—

	Interest held %	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Shandong MIC BioGold Limited (d)***	93.5	—	—	36,766	—
Rockmining Group Company Limited (g)	90	—	—	—	—
Hei He Rockmining Development Limited (d)****	72	—	—	77,132	—
Sub-total	—	—	—	283,440	55,116
Investments other					
Golden Tiger	19.9	1,364	—	1,364	—
Australian Solomons Gold Limited (b)***	19.3	10,017	—	—	—
Sub-total	—	11,381	—	1,364	—
Grand-total	—	11,381	—	284,804	55,116

* Movement is due to foreign exchange fluctuation only. All investments are denominated in US$.

** During the financial year, all of Sino Gold Fields Zhengyuan Limited related costs were written off.

*** All of these subsidiaries are acquired with Golden China Resources Corporation.

**** Acquired in December 2007.

(a) Incorporated in the Cayman Islands.

(b) Incorporated in Australia.

(c) Incorporated in British Virgin Islands.

(d) Co-operative Joint Venture incorporated in PRC.

(e) Incorporated in Canada.

(f) Incorporated in Barbados.

(g) Incorporated in Hong Kong.

All subsidiaries operate in the country of incorporation.

There were no significant contracts for the provision of services to the parent entity or any of its subsidiaries by a controlling shareholder or any of its subsidiaries other than inter-company loans and services recharges which were on normal commercial terms.

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Non-Current Assets				
Available-for-sale financial assets				
At fair value				
Shares — Australian listed	1,364	—	1,364	—
Shares — Canadian listed — Note 13 (e)	10,017	—	—	—
	11,381	—	1,364	—

Listed shares

The fair value of listed available-for-sale investments has been determined directly by reference to published price quotations in an active market.

9. PROPERTY, PLANT & EQUIPMENT

	Consolidated						
	Buildings	Plant and equipment	Office and computer	WIP	Leasehold improvement	Mineral properties	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2007							
At 1 January 2007 net of accumulated depreciation	—	—	202	—	24	—	226
Transfer from deferred exploration & development costs	874	1,490	2,697	116,439	686	94,489	216,676
Additions	15,303	60,433	1,830	(93,785)	578	94,553	78,912
Acquisition of subsidiary (note 19)	—	10,515	158	3,458	—	1,529	15,659
Disposals/transfer to assets	—	—	(84)	—	(24)	—	(108)
Net foreign currency movements arising from self-sustaining foreign operations	(146)	(668)	(44)	(239)	(12)	(1,989)	(3,098)
Depreciation and amortisation charge for the year	(208)	(792)	(142)	—	(29)	(2,425)	(3,596)
At 31 December 2007 net of accumulated depreciation	15,822	70,978	4,617	25,873	1,224	186,348	304,862
At 31 December 2007							
Cost	16,104	72,478	5,929	25,873	1,724	189,399	311,506
Accumulated depreciation	(282)	(1,500)	(1,312)	—	(500)	(3,050)	(6,645)
Net carrying amount	15,822	70,978	4,617	25,873	1,224	186,349	304,862

	Consolidated						
	Buildings	Plant and equipment	Office and computer	WIP	Leasehold improvement	Mineral properties	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2006							
At 1 January 2006 net of accumulated depreciation	—	—	303	—	36	—	339
Additions	—	—	107	—	—	—	107
Disposals	—	—	(142)	—	—	—	(142)
Depreciation charge for the year	—	—	(66)	—	(12)	—	(78)
At 31 December 2006 net of accumulated depreciation	—	—	202	—	24	—	226
At 1 January 2006							
Cost	—	—	561	—	77	—	638
Accumulated depreciation	—	—	(258)	—	(41)	—	(299)
Net carrying amount	—	—	303	—	36	—	339
At 31 December 2006							
Cost	—	—	526	—	77	—	603
Accumulated depreciation	—	—	(324)	—	(53)	—	(377)
Net carrying amount	—	—	202	—	24	—	226

	Parent						
	Buildings	Plant and equipment	Office and computer	WIP	Leasehold improvement	Mineral properties	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2007							
At 1 January 2007 net of accumulated depreciation	—	—	202	—	24	—	226
Additions	—	—	149	—	129	—	278
Disposals	—	—	(84)	—	(24)	—	(108)
Depreciation charge for the year	—	—	(99)	—	(20)	—	(119)
At 31 December 2007 net of accumulated depreciation	—	—	168	—	109	—	277
At 31 December 2007							
Cost	—	—	433		129		562
Accumulated depreciation	—	—	(265)		(20)		(285)
Net carrying amount	—	—	168	—	109	—	277

	Parent						
	Buildings	Plant and equipment	Office and computer	WIP	Leasehold improvement	Mineral properties	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year ended 31 December 2006							
At 1 January 2007 net of accumulated depreciation	—	—	303	—	36	—	339
Additions	—	—	107	—	—	—	107
Disposals	—	—	(142)	—	—	—	(142)
Depreciation charge for the year	—	—	(66)	—	(12)	—	(78)
At 31 December 2006 net of accumulated depreciation	—	—	202	—	24	—	226
At 1 January 2006							
Cost	—	—	561	—	77	—	638
Accumulated depreciation	—	—	(258)	—	(41)	—	(299)
Net carrying amount	—	—	303	—	36	—	339
At 31 December 2006							
Cost	—	—	526	—	77	—	603
Accumulated depreciation	—	—	(324)	—	(53)	—	(377)
Net carrying amount	—	—	202	—	24	—	226

10. DEFERRED EXPLORATION, EVALUATION AND DEVELOPMENT COSTS

	Group 2007	Group 2006	Parent 2007	Parent 2006
	$'000	$'000	$'000	$'000
Deferred exploration and evaluation costs				
— Jinfeng	—	81,501	—	—
— White Mountain	11,067	9,008	—	—
— Other projects*	247,822	14,390	—	—
	258,889	104,899	—	—
Capitalised development costs				
— Jinfeng	—	135,175	—	—
— White Mountain	10,970	—	—	—
	269,859	240,074	—	—

* Other projects include interests in deferred exploration evaluation and development costs in relation to the acquisition of Golden China Resources Corporation (refer to note 19) and the investment in Rockmining Group Company Limited.

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Reconciliation				
Reconciliations of the carrying amounts of deferred exploration, evaluation and development costs at the beginning and end of the current and previous financial years.				
Opening balance	240,074	102,868	—	—
Transferred to production	(216,676)	—	—	—
Additions	29,104	121,917	—	—
Acquisition of subsidiary — Golden China Resources Corporation	117,261	—	—	—
Acquisition of Eastern Dragon asset	102,255	—	—	—
Write-off of relinquished property	(1,545)	—	—	—
Value of exploration license contributed by minority interest partner	—	22,583	—	—
Net foreign currency movements arising from self-sustaining foreign operations	(614)	(7,294)	—	—
Net book value	269,859	240,074	—	—

11. PAYABLES — CURRENT

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Trade creditors*	23,805	142	289	—
Accruals	19,179	—	52,883	—
Eastern Dragon acquisition	51,044	—	—	—
Other creditors and accruals	7,738	25,116	—	7,803
	101,766	25,258	53,172	7,803
*Aged Trade Creditors				
Less than 30 days	14,970	142	289	—
30 days to 60 days	5,112	—	—	—
60 days to 90 days	1,798	—	—	—
Greater than 90 days	1,925	—	—	—
	23,805	142	289	—

Fair value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

Interest rate, foreign exchange and liquidity risk

Information regarding interest rate, foreign currency and liquidity risk exposure is set out in note 28.

12. PROVISIONS — CURRENT

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Employee entitlements — note 24	783	645	783	645
	783	645	783	645

13. INTEREST BEARING LIABILITIES

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Current				
Jinfeng Project Loan (b)	10,889	2,061	—	—
Jinfeng Standby L/C Loan (c)	60,339	6,847	—	—
Jinfeng Financing Lease (d)	—	148	—	—
Golden China Resources Corporation Debentures (e)	19,264	—	—	—
BioGold short term loan (f)	15,531	—	—	—
Deferred gold put option premium (g)	975	686	—	—
	106,998	9,742	—	—
Non-current				
Deferred gold put option premium (g)	696	1,828	—	—
Convertible notes (a)				
Convertible notes at face value	—	41,122	—	41,122
Accrued interest	—	376	—	376
Un-amortized borrowing costs	—	(1,500)	—	(1,500)
		39,998		39,998
Jinfeng Project Loan (b)				
Principal	34,247	48,884	—	—
Un-amortized borrowing costs	(993)	(1,403)	—	—
Total of current	33,254	47,481	—	—
Golden China Resources Corporation long-term loan (f)	597	—	—	—
Jinfeng Financing Lease (d)	—	593	—	—
Total of non-current	34,547	89,900	—	39,998
	141,545	99,642	—	39,998

(a) In March 2005 the company issued 35,000 convertible notes at an issue price of USD1,000 per note, raising a total of US$35 million. The notes were seven-year convertible notes maturing in March 2012. Interest is payable on the notes at the rate of 5.75% per annum. The price for conversion of the notes into ordinary shares in the Company was $2.89 per share.

The fair value of the liability was originally assessed at US$32.5 million. All of the convertible notes were converted into fully paid ordinary shares on 12 November 2007, following the payment of an US$4.51 million inducement payment for early conversion of the note. This inducement payment has been expensed.

(b) Jinfeng Project Loan — this financing facility is arranged and jointly underwritten by Standard Bank London Limited and Bayeriisch Hypo-und Vereinsbank AG for US$ 40 million plus US$ 2 million capitalised interest with a 7 year term including a 2 year grace period. Repayments are made quarterly commencing 31 December 2007. Interest rate is LIBOR plus 3.25% margin pre-financial completion and 2.75% margin after financial completion.

The facility is secured against the following:

- Mortgage on all present and future immovable assets in the project;
- Pledge over all present and future movable equipment in the project;
- Pledge over the projects land use right, mining license, exploration license and operating permits;
- Pledge over all material project contracts.

In addition, the Company and Sino Mining Guizhou Pty Limited has guaranteed until completion of the project construction, a first ranking charge over all shares of the Company in Sino Mining Guizhou Pty Limited and a first ranking pledge of the interest of Sino Mining Guizhou Pty Limited in the Borrower.

At 31 December 2007 the outstanding principal amount was US$39.79 million (A$50.95 million) following a principal repayment of US$1.75 million in the period.

(c) Jinfeng Standby L/C loan — The company has secured a standby cash collaterised L/C facility issued by its bankers to secure advances made by China Construction Bank, Guizhou Branch to the Jinfeng Project.

RMB	A$	Maturity	Annual interest rate
RMB'000	$'000		
68,960	10,710	07/03/2008	6.0705%
34,030	5,285	05/04/2008	6.0705%
33,980	5,277	05/05/2008	6.2415%
13,550	2,104	15/06/2008	6.2415%
20,200	3,137	04/07/2008	6.4980%
33,800	5,249	30/07/2008	6.6690%
164,500	25,548	15/11/2008	6.9255%
19,500	3,029	03/12/2008	7.0965%
Total	60,339		

(d) Jinfeng Financing Lease — The contract period was for 5 years. During that time, monthly payments of RMB 97,000 were made to the lessor. This contract was terminated in May 2007.

(e) Golden China Corporation Debentures: Golden China Corporation senior secured debentures with the total amount A$19,263,732 are payable upon maturity on April 27, 2008. The debentures bear interest at 11.5% per annum and secured by an assignment of the corporation's interest in the shares of Michelago Hong Kong, Sashmo and Australian Solomons Gold Limited. Debenture holders have the right to elect to receive interest payments in common shares subject to the receipt of any required legal or regulatory approval.

(f) BioGold RMB short term and long term loans are domiciled in China and secured by mortgages over BioGold's land and buildings and concentrate stockpile. The overall loan facility is split into several smaller components with various expiry dates as detailed below, and these smaller loan components are rolled over at each maturity.

No interest on these loans was capitalised during the financial year.

	RMB	A$	Maturity	Annual interest rate
	RMB'000	$'000		
Short term				
	10,000	1,553	22/02/2008	6.03%
	20,000	3,106	18/03/2008	6.39%
	10,000	1,553	15/04/2008	6.03%
	10,000	1,553	23/05/2008	6.03%
	10,000	1,553	08/09/2008	7.29%
	10,000	1,553	05/11/2008	7.29%
	10,000	1,553	26/11/2008	7.29%
	20,000	3,107	22/12/2008	6.75%
Total of short term		15,531		
Long term				
	3,840	597	26/03/2021	2.55%

(g) Total of 204,000 ounces of put options were bought under gold hedging schedule with an average premium of US$9/ounce. The premium is repayable over the life of the options as disclosed in Note 16.

14. PROVISIONS — NON-CURRENT

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Restoration and rehabilitation*	24,546	—	—	—
	24,546	—	—	—
Movement in provision:				
Carrying Amount at the beginning of the financial year	—	1,984	—	—
Write-back	—	(1,984)	—	—
Rehabilitation provision provided	24,546	—	—	—
End of financial year	24,546	—	—	—

* Rehabilitation costs are expected to be incurred between 2007 and 2022. The provision has been estimated using existing technology at current prices and discounted using a real discount rate of 6.5% p.a.

15. DEFERRED TAX LIABILITIES

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Deferred tax liabilities	138			
Deferred tax liabilities*	3,935	—	—	—
	4,073	—	—	—

* This amount was recognised on the acquisition of a subsidiary of Golden China Resources.

16. DERIVATIVE LIABILITIES

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
— Current				
Fair value of non-employee vested share options*	2,456	19,845	2,456	19,845
Fair value of gold forward contracts & options**	26,760	5,360	—	—
	29,216	25,205	2,456	19,845
— Non-current				
Fair value of non-employee vested share options*	2,475	—	2,475	—
Fair value of gold forward contracts & options**	93,280	71,138	—	—
	95,755	71,138	2,475	—

* Relates to options granted to seed investors that are denominated in Australian dollars and to warrants and options issued as part consideration for the acquisition cost of Golden China Resources. These are treated as derivatives in accordance with the accounting policy detailed in note 1 (j). Movement in their value along with any foreign exchange impact is recognized as a gain or loss. During the year 4,477,776 of these Australian dollar denominated options were exercised prior to maturity leaving 500,000 options maturing in 2010. The fair value of options granted have been valued using an option pricing model which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. Assumptions used at 31 December 2007 are: volatility 40%, risk free interest rate 7.175% and expected life of options 2.7 years. There was no fair value movement in the Canadian dollar denominated options.

** These relate to the Company's hedge position as at 31 December 2007, refer below. Hedging losses are recognised by Jinfeng.

The consolidated entity enters into forward gold hedges where it agrees to sell specified ounces of gold at a predetermined gold price. The objective of these hedges is to match the forward agreements with anticipated cash flows from future gold sales and, as such, are considered "cash flow" hedges under AASB139. The fair value of all qualifying cash flow hedges is recorded on the balance sheet. Movements in fair value, to the extent the hedges are effective, are recorded as a separate component of equity and released to the profit & loss at the time the hedged transaction occurs.

As at 31 December 2007, all gold derivatives have been treated as qualifying cash flow hedges.

Hedging Position	Fixed Forwards		Bought Put Options	
	Ounces	US$/oz	Ounces	US$/oz
2008	73,548	524	74,184	400
2009	64,612	525	74,178	400
2010	64,612	525	—	—
2011	64,612	525	—	—
2012	35,789	530	—	—
Total	303,173	525	148,362	400

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Fair value of gold forward contracts & options				
Opening balance	76,498	25,776	—	—
Effective hedge loss recycled in the income statement.	(6,423)	—	—	—
Ineffective hedge loss expensed	(2,869)	—	—	—
Foreign exchange effect	(6,814)	(1,828)	—	—
Charged to equity	59,648	52,550	—	—
Closing balance	120,040	76,498	—	—

17. ISSUED CAPITAL

(a) Issued and paid up capital

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
— ordinary shares fully paid (no par value)	527,970	168,259	527,970	168,259
	527,970	168,259	527,970	168,259

(b) Movements in ordinary shares on issue

	2007		2006	
	Number of shares ('000)	($'000)	Number of shares ('000)	($'000)
Beginning of financial year	153,061	168,259	131,444	101,949
Issued during the year				
— share purchase plan	—	—	752	2,481
— exercise of options	5,622	5,509	2,365	6,464
— private placement	16,290	98,233	18,500	61,050
— Hong Kong IPO	19,709	133,121	—	—
— less share issue and transaction costs	—	(11,842)	—	(3,685)
— convertible notes conversion shares	15,383	44,457	—	—
— purchase consideration for Golden China Resources Corporation	13,368	90,233	—	—
End of financial year	223,432	527,970	153,061	168,259

(c) Options

The following table illustrates the number and movements in share options during the relevant period

	Year ended 31 December	
	2007	2006
	Number of options	Number of options
Outstanding at the beginning of the year	10,946,776	10,656,776
Granted during the year	3,665,000	2,655,000
Replacement Golden China Resources Corporation options	1,325,559	—
Exercised during the year	(5,621,776)	(2,365,000)
Forfeited during the year	—	—
Outstanding at end of the year	10,315,559	10,946,776
Exercisable at end of the year	2,081,974	6,371,776

The following unlisted options were on issue at balance-date.

	Number	Date of issue	Exercise price	Expiry	Number vested	Vesting date
Other						
	500,000	16/09/2005	$2.53	16/09/2010	500,000	N/A
	39,996**	09/02/2006	C$7.88	09/02/2008	39,996	N/A
	74,278**	27/04/2006	C$7.88	27/04/2008	74,278	N/A
	777,700**	07/08/2007	C$5.63	08/08/2012	777,700	N/A
Directors						
	215,000	31/12/2003	$2.69	31/12/2008	215,000	N/A
	370,000	31/12/2004	$2.00	31/12/2009	370,000	N/A
	800,000	31/12/2005	$3.29	31/12/2010	—	31/12/2008
	1,370,000*	31/12/2006	$6.50	31/12/2011	—	31/12/2009
Employees						
	50,000	31/12/2003	$2.69	31/12/2008	50,000	N/A
	150,000	15/10/2004	$2.06	15/10/2009	150,000	N/A
	25,000	27/10/2004	$2.12	27/10/2009	25,000	N/A
	80,000	15/12/2004	$2.08	15/12/2009	80,000	N/A
	300,000	31/12/2004	$2.00	31/12/2009	300,000	N/A
	980,000	31/12/2005	$3.29	31/12/2010	—	31/12/2008
	150,000	06/03/2006	$3.81	06/03/2011	—	06/03/2009
	40,000	03/06/2006	$4.88	03/06/2011	—	03/06/2009
	1,665,000	31/12/2006	$6.50	31/12/2011	—	31/12/2009
	150,000*	31/12/2006	$6.50	30/09/2012	—	30/09/2010
	200,000*	11/09/2007	$6.20	30/09/2012	—	30/09/2010
	150,000*	09/05/2007	$5.87	30/09/2012	—	30/09/2010
	1,795,000*	09/11/2007	$7.65	09/11/2012	—	09/11/2010
	109,730**	12/04/2005	C$9.68	12/04/2010	—	12/04/2008
	35,552**	22/12/2006	C$15.35	31/12/2009	—	31/12/2009
	33,433**	22/12/2006	C$3.07	31/12/2009	—	31/12/2009
	29,626**	22/12/2006	C$7.88	03/11/2010	—	22/12/2009
	203,269**	14/03/2007	C$3.83	14/03/2012	—	14/03/2010
	21,975**	04/04/2007	C$3.16	04/04/2012	—	04/04/2010
	10,315,559				2,581,974	

* The following options were granted during the year:

- 1,370,000 options — fair value per option is $2.35 (share price on issue date was $5.70)
- 150,000 options — fair value per option is $2.35 (share price on issue date was $5.70)

- 200,000 options — fair value per option is $2.90 (share price on issue date was $6.20)
- 150,000 options — fair value per option is $2.82 (share price on issue date was $5.86)
- 1,795,000 options — fair value per option is $3.76 (share price on issue date was $7.95)

** Replacement securities issued pursuant to the takeover offer for Golden China Resources Corporation. The issue dates on these options represent the original issue date of the options by Golden China Resources Corporation.

- 39,996 options — fair value per option is $0.01 (share price on issue date was $6.75)
- 74,278 options — fair value per option is $0.09 (share price on issue date was $6.75)
- 777,700 options — fair value per option is $3.18 (share price on issue date was $6.75)
- 109,731 options — fair value per option is $0.90 (share price on issue date was $6.75)
- 35,552 options — fair value per option is $0.19 (share price on issue date was $6.75)
- 33,435 options — fair value per option is $3.86 (share price on issue date was $6.75)
- 29,626 options — fair value per option is $1.64 (share price on issue date was $6.75)
- 203,269 options — fair value per option is $3.94 (share price on issue date was $6.75)
- 21,975 options — fair value per option is $4.36 (share price on issue date was $6.75)

The following unlisted warrants were on issue at balance-date.

	Number	**Date of issue**	**Exercise price**	**Expiry**	**Number vested**	**Vesting date**
Other	399,960**	27/04/2006	C$7.88	27/04/2009	399,960	N/A
	410,126**	23/05/2007	C$5.63	23/05/2009	410,126	N/A
	810,086				810,086	

- 399,960 warrants — fair value per option is $0.77 (share price on issue date was $6.75)
- 410,126 warrants — fair value per option is $1.75 (share price on issue date was $6.75)

The assumptions used in determining the fair value of options in a Black-Scholes model are:

	2006	**2007**
Expected volatility	45%	40%
Risk free interest rate	6.5%	7.175%
Expected life of options (years)	5	5
Dividend yield	Nil	Nil

The following options were exercised during the year:

Number of exercise	Date exercised	Exercise price	Share price at date
1,777,776	19/01/07	US$0.5625	$6.28
77,000	07/05/07	$2.69	$6.20
17,000	14/05/07	$2.69	$5.40
75,000	12/06/07	$1.20	$5.70
300,000	20/07/07	$1.00	$6.30
100,000	20/07/07	$2.69	$6.30
300,000	03/09/07	$1.00	$6.16
1,350,000	18/09/07	$1.00	$5.83
20,000	05/10/07	$2.69	$7.10
1,590,000	05/10/07	$1.00	$7.10
15,000	24/12/07	$2.00	$6.62
5,621,776			

(d) Employee Share and Option Schemes

The Company has established the Employee Share Incentive Scheme ("ESIS") and Executive and Employee Option Plan ("EOP"). On 28 August 2002 the Directors resolved that no further Shares would be issued under the ESIS and all further employee incentives would be granted under the EOP.

EOP — Pursuant to the EOP, no money is payable for the issue of the options and the exercise price is the weighted average price of the company's shares on ASX over the five trading days prior to the date of offer of the options. The options expire five years after they are issued and may only be exercised three years after they are issued or such other period as the Board may determine. Senior staff will be offered participation in the EOP and the Board will determine the conditions on which options are issued under this plan.

The total number of options over unissued shares that may be issued under the EOP, which added to the number of shares or options 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.

ESIS — The company has on issue 2,587,000 shares under the ESIS at 31 December 2007, which rank equally with all other shares and has granted loans to recipients of shares under the ESIS.

The total loans outstanding pursuant to the ESIS at balance date is $1.2 million. No interest is payable on the loans, each loan is for 10 years and the outstanding balance of the loan to each Director or non-Director is payable within three months of a transfer of the shares issued under the ESIS or the date the Director or non-Director ceases to be an employee of the company. The ESIS shares rank equally with ordinary shares in respect to dividend entitlements with half of all cash dividends declared by the company being credited towards repaying the loans.

No further Shares will be issued under the Scheme.

Details of movements of shares issued pursuant to the ESIS are as follows:

	Number of shares	Consideration received	Loans outstanding
		$'000	$'000
Balances at beginning of financial year	5,374,226		2,423
Issued during the year	—	—	—
Loan repayments	(2,787,226)	—	(1,243)
Balances at end of financial year	2,587,000	—	1,180

18. RESERVES

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Foreign currency translation reserve	(1,892)	(4,784)	(38,968)	(9,181)
Minority interest	(13,696)	—	—	—
Share based payments	5,089	2,070	5,089	2,070
Vested share options	9,682	(7,494)	9,682	(7,494)
Derivatives — cashflow hedges	(136,783)	(77,135)	—	—
	(137,600)	(87,343)	(24,197)	(14,605)

Foreign currency translation reserve:

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Share based payments reserve:

The share based payments reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

Vested share options:

This reserve is used to record the value of foreign currency denominated options granted to seed investors from the date such options are granted to their vesting date.

Derivatives — cashflow hedges:

This reserve is used to record the effective component of the fair value of all qualifying cash flow hedges at period end.

Minority interest:

The minority interest in the Jinfeng mine was re-measured upon completion of project construction.

19. BUSINESS COMBINATION

Acquisition of Golden China Resources Corporation.

On 12 December 2007, Sino Gold Mining Limited acquired 94% of the voting shares of Golden China Resources Corporation, whose shares were listed on the main boards of both the Toronto Stock Exchange and as CDIs on the Australian Securities Exchange.

The total cost of the combination was A$103.0 million and comprised an issue of equity instruments, the payment of cash and costs directly attributable to the combination. The Group issued 13,367,870 ordinary shares with a fair value of A$6.75 each, based on the quoted price of the shares of Sino Gold Limited at the date of exchange.

The provisional fair value of the identifiable assets and liabilities of Gold China Resources Corporation as at the date of acquisition were:

	Consolidated	
	Recognised on Acquisition	Carrying Value
	$000	$000
Cash and cash equivalents	1,727	1,727
Inventories	16,136	16,136
Investment in listed company	10,017	10,017
Property, plant and equipment	15,659	15,659
Interest in mineral properties	117,261	68,407
Other receivable	3,774	3,774
	164,574	115,720
Trade payables	(13,386)	(13,386)
Short term debts	(34,795)	(34,795)
Unsecured loans(deferred put option premium)	(596)	(596)
Accruals	(4,206)	(4,206)
Other payables	(253)	(253)
Deferred income tax liability	(3,935)	(3,935)
Outside Equity Interest	(4,396)	(4,396)
	(61,567)	(61,567)
Identifiable net assets	103,007	54,153
Cost of the combination:		
Shares issued, at fair value	90,233	
Cash paid	7,594	
Direct costs relating to the acquisition	493	
Warranties & options base payment	4,687	
Sub-total	103,007	
	103,007	
The cash outflow on acquisition is as follows:		
Net cash acquired with the subsidiary	1,727	
Cash paid	(7,594)	
Net consolidated cash outflow	(5,867)	

From the date of acquisition, Golden China Resources Corporation's net profit contribution was nil. If the combination had taken place at the beginning of the year the revenue from continuing operations would have been $21,122,436 and the loss from continuing operations for the Group would have been $19,732,717. This loss is driven by head office costs ($9.9 million), debenture ammortisation and interest costs ($3.8 million), write down in mineral properties ($3.9 million) and impairment on the carrying value of the investment in Australian Solomon Gold ($4.4 million). These costs are generally not recurrent costs.

The group has recognised a provision for the estimated costs, base on a detail restructure plan, in relation to the redundancy cost of former Golden China Resources Corporation employees and contractors, whose services are no longer expect to be required.

The provisional fair values will be finalized during 2008.

Acquisition of Rockmining Group Company Limited

The Eastern Dragon asset, held within the Rockmining Group, was acquired in late December 2007 for US$90 million which represents the fair value of the tenement. There are no other identifiable net assets.

20. EXPENDITURE COMMITMENTS

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Operating leases				
Within one year	278	260	278	260
After one year but not more than 2 years	289	278	289	278
After 2 years but not more than 5 years	612	901	612	901
Later than 5 years	—	78	—	78
Aggregate lease expenditure contracted for at balance date but not provided for	1,179	1,517	1,179	1,517

The above commitments relate to a lease for office premises with an expiry date of 1 April 2012.

Capital Commitments

Development and construction of the group's White Mountain Project in Jilin Province PRC commenced in 2007 and the construction was on-going at the year end. Accordingly the Company has entered into contracts and commitments in relation to the construction of the project. As at 31 December 2007, U$9.7 million (A$11 million) had been spent. The total capital expenditure estimate for the processing plant, infrastructure and underground development is estimated at U$55 million (A$62.4 million).

Hedge commitments

Details of hedge commitments are set out in note 16.

21. RELATED PARTY DISCLOSURES

a) The directors of Sino Gold Mining Limited during the financial year were:

J Askew	B Davidson
J Klein	P Cassidy
H Xu	P Housden
J Zhong	J Dowsley

b) The following related party transactions occurred during the financial period:

(i) Transactions with related parties in wholly owned group.

Interest free funding by the parent entity to wholly owned entities mainly relating to payment for offshore acquisitions of equipment and consumables (refer note 7) and are repayable on demand.

(ii) Transactions with director — related entities.

Interests in equity instruments held by directors and their related entities at balance date. The loans are interest free and have no formal repayment terms.

Key Management Personnel Option Holdings

	Balance 1 Jan 07	Granted as Remuneration	Options Exercised	Net Change Other	Balance 31 Dec 07	Vested at 31 Dec 07
J Askew	140,000	—	(140,000)	—	—	—
J Klein	1,050,000	750,000*	(400,000)	—	1,400,000	400,000
H Xu	475,000	500,000*	—	—	975,000	175,000
B Davidson	20,000	—	—	—	20,000	20,000
P Cassidy	140,000	—	(120,000)	—	20,000	20,000
J Zhong	120,000	—	—	—	120,000	120,000
P Housden	—	120,000*	—	—	120,000	—
J Dowsley	—	—	—	—	—	—
P Uttley	600,000	150,000*	—	20,000	770,000	170,000
I Polovineo	320,000	75,000*	—	—	395,000	45,000
W Rossiter	—	225,000*	—	—	225,000	—
C Johnstone	450,000	275,000*	—	—	725,000	—
	3,315,000	**2,095,000**	**(660,000)**	**20,000**	**4,770,000**	**950,000**

The following options were granted during the year:

- 750,000 options — exercise price $6.50, fair value per option $2.35, share price on issue date $5.70
- 500,000 options — exercise price $6.50, fair value per option $2.35, share price on issue date $5.70
- 120,000 options — exercise price $6.50, fair value per option $2.35, share price on issue date $5.70
- 150,000 options — exercise price $7.65, fair value per option $3.76, share price on issue date $7.95
- 75,000 options — exercise price $7.65, fair value per option $3.76, share price on issue date $7.95
- 225,000 options — 150,000 of them, exercise price $5.87, fair value per option $2.82, share price on issue date $5.86; 75,000 of them, exercise price $7.65, fair value per option $3.76, share price on issue date $7.95.
- 275,000 options — exercise price $7.65, fair value per option $3.76, share price on issue date $7.95

The Board has approved additional option issues to J. Klein (500,000), H Xu (350,000) and J Dowsley (120,000) which are subject to shareholder approval.

Key management personnel option holdings as of 2006:

Key Management Personnel Option Holdings

	Balance 1 Jan 06	Granted as Remuneration	Options Exercised	Net Change Other	Balance 31 Dec 06	Vested at 31 Dec 06
J Askew	140,000	—	—	—	140,000	140,000
J Klein	550,000	500,000*	—	—	1,050,000	400,000
H Xu	375,000	300,000*	(200,000)	—	475,000	275,000
B Davidson	140,000	—	(120,000)	—	20,000	20,000
P Cassidy	140,000	—	—	—	140,000	140,000
J Zhong	120,000	—	—	—	120,000	—
P Housden	—	—	—	—	—	—
P Uttley	300,000	300,000*	—	—	600,000	—
I Polovineo	270,000	125,000*	(75,000)	—	320,000	25,000
C Johnstone	—	450,000*	—	—	450,000	—
	2,035,000	**1,675,000**	**(395,000)**	**—**	**3,315,000**	**1,000,000**

Key Management Personnel Shareholdings

	Balance 1 Jan 07	Acquisitions	Disposals/Options Exercised	Balance 31 Dec 07
J Askew	—	—	140,000	140,000
J Klein	3,132,178	—	(450,000)	2,682,178
H Xu	1,100,000	—	(300,000)	800,000
B Davidson	215,347	—	—	215,347
P Cassidy	23,831	—	120,000	143,831
J Zhong	—	—	—	—
P Housden	10,000	—	—	10,000
P Uttley	—	—	—	—
I Polovineo	207,315	—	(25,000)	182,315
W Rossiter	—	—	—	—
C Johnstone	—	—	—	—
	4,688,671	—	(515,000)	4,173,671

(iii) Transactions with director — related entities

Employee Share Incentive Scheme ("ESIS") loans

Loans are outstanding pursuant to the terms of the ESIS, refer to note 17(d). At balance date outstanding loans were held by J Klein and H Xu for $758,232 and $275,723 respectively. This was the highest amount of the loans during the reporting period.

(iv) Employment Agreements

- The Company entered into an agreement ("Employment Agreement") dated 18 February 2008 with Mr. J Klein for the provision of Mr. Klein's services as President and Chief Executive Officer. The Employment Agreement is for a rolling 12 months period. There are no other benefits under the Agreement including termination benefits other than normal redundancy provisions. The remuneration under the Agreement is subject to review on an annual basis. There are no contractual entitlements to any bonuses.

- The Company entered into an agreement ("Employment Agreement") dated 18 February 2008 with Mr. H Xu for the provision of Mr. Xu's services as Executive Director. The Employment Agreement is for a rolling 12 months period. There are no other benefits under the Agreement including termination benefits other than normal redundancy provisions. The remuneration under the Agreement is subject to review on an annual basis. There are no contractual entitlements to any bonuses.

- The Company has entered into an agreement ("Employment Agreement") with Mr. I Polovineo on 1 January 2004 for the provision of his services as Company Secretary. The Employment Agreement is for a rolling 12 month period. There are no other benefits under the Agreement including termination benefits other than normal redundancy provisions. The remuneration under the Agreement is subject to review on an annual basis. There are no contractual entitlements to any bonuses.

Compensation options: Granted and vested during the year

31/12/2007	Granted Number	Grant Date	Fair Value per option at grant date	Exercise price per option	Expiry Date	First Exercise Date	Last Exercise Date	Vested number	%
			($)	($)					
Directors									
J Klein	750,000	30/05/2007	2.35	6.50	31/12/2011	31/05/2010	31/12/2011	100,000	7.1
H Xu	500,000	30/05/2007	2.35	6.50	31/12/2011	31/05/2010	31/12/2011	75,000	7.7
P Housden	120,000	30/05/2007	2.35	6.50	31/12/2011	31/05/2010	31/12/2011	—	—
Executives									
C Johnstone	275,000	8/11/2007	3.76	7.65	9/11/2012	9/11/2010	9/11/2012	—	—
P Uttley	150,000	8/11/2007	3.76	7.65	9/11/2012	9/11/2010	9/11/2012	150,000	19.5
I Polovineo	75,000	8/11/2007	3.76	7.65	9/11/2012	9/11/2010	9/11/2012	20,000	5.1
T Norman	20,000	8/11/2007	3.76	7.65	9/11/2012	9/11/2010	9/11/2012	—	—
W Rossiter	150,000	9/05/2007	2.82	5.87	30/09/2012	10/05/2010	30/09/2012	—	—
W Rossiter	75,000	8/11/2007	3.76	7.65	9/11/2012	9/11/2010	9/11/2012	—	—
Total	2,115,000							345,000	

31/12/2006	Granted Number	Grant Date	Fair Value per option at grant date	Exercise price per option	Expiry Date	First Exercise Date	Last Exercise Date	Vested number	%
			($)	($)					
Directors									
J Klein	500,000	31/12/2005	1.47	3.29	31/12/2010	1/01/2009	31/12/2010	300,000	28.6
H Xu	300,000	31/12/2005	1.47	3.29	31/12/2010	1/01/2009	31/12/2010	200,000	42.1
Executives									
C Johnstone	300,000	31/12/2006	2.35	6.50	31/12/2011	1/01/2010	31/12/2011	—	—
P Uttley	300,000	31/12/2006	2.35	6.50	31/12/2011	1/01/2010	31/12/2011	—	—
I Polovineo	125,000	31/12/2006	2.35	6.50	31/12/2011	1/01/2010	31/12/2011	25,000	7.8
T Norman	130,000	31/12/2006	2.35	6.50	31/12/2011	1/01/2010	31/12/2011	—	—
W Rossiter	—	—	—	—	—	—	—	—	—
Total	1,655,000							525,000	

22. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The Company's remuneration policy is designed to attract, retain and motivate highly talented individuals to ensure the capability of our workforce to deliver the business strategy and to maximize shareholder wealth creation.

Remuneration Structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

Non-Executive Director Remuneration

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting.

The latest determination was at the Annual General Meeting held on 30 May 2006 when shareholders approved an aggregate remuneration of $650,000 per year. Directors will be seeking to increase this amount at the next Annual General Meeting.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually. The Board considers advice from external consultants as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process. Directors will be seeking to increase this amount at the next Annual General Meeting.

Each non-executive director receives a base fee of $85,000 for being a director of the Group. The Chairman receives a base fee of $175,000. From 1 January 2008 an additional fee of $7,500 will also be paid for each Board committee on which a non-executive director sits and $10,000 if the director is a Chair of a Board Committee with $15,000 being paid to the Chair of the Audit Committee.. The payment of additional fees for serving on a committee recognises the additional time commitment required by non-executive directors who serve on one or more sub committees.

The non-executive directors do not receive retirement benefits, nor do they participate in any incentive programs

Executive Remuneration

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, the Chief Executive Officer and the executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Cash bonuses paid and numbers of options granted are at the complete discretion of the Board and are based on individual and company performance. There are no specified financial or other conditions that are required to be achieved.

To assist in achieving these objectives, the Remuneration Committee considers the nature and amount of Executive Directors' and Officers' emoluments to the Company's financial and operational performance. All senior executives have the opportunity to qualify for participation in the Executive and Employee Option Plan which currently provides incentives. The options vest over 3 years and expire in 5 years provided that the employee/director remains as employee/director of the company. There are no performance vesting conditions.

Details of the nature and amount of each element of the remuneration of each director of the company and 5 named executives who receive the highest remuneration are shown below.

The key principles of the remuneration policy are to:

- Set competitive rewards to attract, retain and motivate highly skilled people.

- Implement challenging key performance indicators (KPIs) including financial and non-financial measures of performance through our Performance Management Program.

- Establish short and long-term incentive programs across the organization, for which the following principles apply:

  — *Short term annual cash bonus:*

  - Individual bonus is earned and not a right;
  - Bonus is discretionary and distribution is related to outstanding achievement;
  - Bonus is determined according to individual, team and Company performance;
  - General labour market conditions for the position will be considered;
  - Frequency, timing and quantum of any incentive program must be approved by the CEO and the Board in respect of senior executives and executive directors.

  — *Long term performance based share options:*

  Senior staff will be offered participation in the Company's approved Executive and Employee Option Plan. The Board will determine the conditions on which options are issued under this Plan. The options are issued at an exercise price being the weighted average sale price of the Company's shares on ASX over the 5 trading days immediately prior to the date of issue of the options.

    - Ensure remuneration planning continues to be integrated within the Company's business planning process.
    - Total reward levels and performance targets will be set at appropriate levels to reflect the competitive market in which we operate; the prevailing economic environment and the relative performance of comparator companies. We aim to position outstanding performance within the top quartile of the industry.

Our remuneration structure maintains its validity by conducting annual reviews taking into account individual performance, the economic environment, the unique requirement for certain employees to travel to and spend time in China, particularly at mine sites, and relevant job and industry comparisons. The company values the contribution of both individuals and teams in achieving the goals and objectives of the business and through our Performance Management Program our employees understand how their plans and efforts are linked to the organisation's objectives and the interests of the shareholders.

Our remuneration structure further recognises that whilst the Company is in the process of developing its projects and pursuing new opportunities, it should conserve its cash resources, and accordingly, where appropriate, should issue options under the approved Executive and Employee Option Plan as an integral part of its remuneration policy.

The total number of options over unissued shares that may be issued under the EOP, which added to the number of shares or options 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.

Below table are the details of compensations to the key management personnel:

	Short Term			Post Employment	Share-based Payment	Total	% of remuneration for the year consisting of options
Name	**Salary and Fees**	**Other**	**Cash Bonus**	**Super-annuation**	**Options**		**%**
	$	$	$	$	$	$	
J Askew Chairman (non-executive)							
2007	175,000		—	—	—	175,000	—%
2006	94,799		—	—	8,467	103,266	8.2%
J Klein Chief Executive Officer							
2007	565,039	60,000	200,000	51,461	659,484	1,535,984	42.9%
2006	527,969	80,000*	150,000	47,031	303,833	1,108,833	27.4%
H Xu Director (executive)							
2007	366,972	22,000	125,000	33,028	423,323	970,323	43.6%
2006	345,559	29,000*	125,000	24,440	189,750	713,749	26.6%
B Davidson Director (non-executive)							
2007	85,000		25,000	—	—	110,000	—%
2006	85,000		—	—	8,467	93,467	9.1%
P Cassidy Director (non-executive)							
2007	42,500		—	42,500	—	85,000	—%
2006	131,250		—	31,425	8,467	171,142	4.9%
J Zhong Director (non-executive)							
2007	83,245		—	1,755	13,200	98,200	13.4%
2006	77,982		—	7,018	13,200	98,200	13.4%
P Housden Director (non-executive)							
2007	38,991		25,000	46,009	63,677	173,677	36.7%
2006	—		—	42,500	—	42,500	—
J Dowsley Director (non-executive)							
2007	35,417		—	—	—	35,417	—%
2006	—		—	—	—	—	—
P Uttley Chief Geologist							
2007	253,211	—	125,000	2,752	378,229	759,192	49.8%
2006	221,101	—	125,000	43,899	122,000	512,000	23.8%
C Johnstone Chief Operating Officer							
2007	366,972		60,000	33,028	361,944	821,944	44.0%
2006	254,587		60,000	22,913	34,750	372,250	9.3%
I Polovineo Company Secretary and Administration							
2007	208,142	—	80,000	52,097	189,283	529,522	35.7%
2006	206,304	—	50,000	43,696	86,283	386,283	22.3%
W Rossiter Chief Financial Officer (appointed in May 2007)							
2007	142,304	—	25,000	28,360	97,917	293,581	33.4%
2006	—	—	—	—	—	—	—%
Totals							
2007	2,362,793	82,000	665,000	290,990	2,187,057	5,587,840	39.1%
2006	1,944,551	109,000	510,000	262,922	775,217	3,601,690	21.5%

* Interest benefits under ESIS loans

During the year a total of 5,621,776 ordinary shares were issued on the exercise of unlisted options, details of which are as follows:

- 1,777,776 shares at US$0.625 per share
- 214,000 shares at $2.69 per share
- 75,000 shares at $1.20 per share
- 3,540,000 shares at $1.00 per share
- 15,000 shares at $2.00 per share

ESIS Loans to Directors

Loans have been made to executive directors Jake Klein and Xu Hanjing pursuant to the ESIS plan details and terms of which are set out in note 21. The loans were initially made in 2001, are interest free and have a ten year term. The balances outstanding are as follows:

	2007	2006
	$000	$000
J Klein	758	1,149
H Xu	276	414
	1,034	1,563

23. CONTINGENT LIABILITIES

The Group is aware that there may exist a potential liability of an undetermined amount for underpaid value added tax at one of its Chinese subsidiaries, acquired as part of the acquisition of Golden China Resources. The Group cannot reasonably estimate the amount as the accounting records and information for the period in question, 1 January 2000 to 31 July 2005, have been retained by the previous owners, Tiancheng Mining. At the time that Golden China Resources acquired this subsidiary it received an indemnity from Tiancheng Mining for any outstanding taxation liabilities up until the acquisition date.

24. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

Employee Entitlements	Group 2007	Group 2006	Parent 2007	Parent 2006
	$'000	$'000	$'000	$'000
The aggregate employee entitlement liability is comprised of:				
Provisions:				
— Long service leave	339	287	339	287
— Annual leave	444	358	444	358
	783	645	783	645

Superannuation Commitments

The Parent Company and Subsidiaries within the Group contribute to a superannuation fund, which exists to provide benefits for employees and their dependants in retirement, disability or death.

All Australian employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans provide defined contributions by reference to accumulated contributions plus income from funds contributed. Contributions by the Group of up to 9% of Australian employees wages and salaries are legally enforceable in Australia.

During the year the average number of employees in the economic entity was 611 (2006: 524).

25. SEGMENT INFORMATION

The group operates entirely in the mining industry and in the sole geographical area of China. The operations comprise the mining and processing of gold ore and the sale of extracted gold.

26. STATEMENT OF CASH FLOWS

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
(a) Reconciliation of Cash				
Cash balance comprises				
— Cash on hand	68	61	3	3
— Cash at bank	38,899	9,444	31,391	7,116
— Restricted cash*	69,986	12,000	69,986	12,000
	108,953	21,505	101,380	19,119

* Restricted cash relates to cash held in term deposits as security for the Jinfeng Standby L/C loan (refer note 13 (c)).

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
(b) Reconciliation of operating loss after tax to net cash flows from operations				
Operating (loss)/profit after tax	(24,940)	(20,054)	(16,788)	(3,174)
Non cash items:				
Depreciation of non-current assets	3,574	78	124	78
Write off of property, plant & equipment	—	142	—	142
Provision for rehabilitation	286	(1,984)	—	—
Share options expensed	3,973	12,717	3,973	12,717
Deferred exploration costs written off	1,545	—	1,545	—
Profit of disposal subsidiaries	—	(2,129)	—	(18,397)
Provision for annual leave	138	—	138	—
Changes in assets and liabilities:				
Receivables	(567)	(5,551)	5,732	(6,477)
Inventories	(33,380)	799	—	—
Prepayments	(843)	—	(672)	—
Trade and other payables	(142)	7,752	—	6,679
Accrued liabilities	29,394	—	(5,939)	—
Net Cash Flows used in Operating Activities	(20,963)	(8,152)	(11,887)	(8,354)

27. AUDITORS' REMUNERATION

Amounts received or due and receivable by Ernst & Young for:

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
— audit or review of the financial report of the entity and any other entity in the group	120,124	104,000	80,124	40,250
— Hong Kong Initial Public Offering costs	—	467,000	—	467,000
— Golden China prospectus costs	79,000	—	79,000	—
	199,124	571,000	159,124	507,250
Amounts received or due and receivable by KPMG for:				
— Golden China auditing fee	119,204	—	119,204	—
	119,204	—	119,204	—

28. FINANCIAL INSTRUMENTS

Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise interest-bearing bank and other loans and cash at bank. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and trade and others payables, which arise directly from its operations.

The Group also enters into gold derivative transactions, including principally forward contracts and purchased put options. Gold derivatives are used to partly mitigate the Group's exposure to gold price movements.

It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken without board approval.

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk, credit risk and commodity price risk. The Directors review and approve policies for managing each of these risks and they are summarised below:

(i) Interest rate risk

The Group's income statement is affected by changes in interest rates due to the impact of such changes on interest income and expenses from bank balances and other interest-bearing loans. The Group's policy is to obtain the most favourable interest rates available. The Group has not used any derivatives to mitigate its interest rate risk exposure.

At balance date, the Group had the following mix of financial assets and liabilities exposed to variable interest rate risk that are not designated as cash flow hedges:

	Group 2007 $'000	Group 2006 $'000	Parent 2007 $'000	Parent 2006 $'000
Financial Assets				
Cash and cash equivalents	108,953	21,505	101,380	19,119
Financial Liabilities (note 13)				
CCB standby L/C loan	60,339	6,847	—	—
BioGold short term loan	15,531	—	—	—
Jinfeng project loan	44,143	49,542	—	—
Golden China Resources Corporation long-term loan	597	—	—	—
Convertible notes net value	—	39,998	—	39,998
SUB-TOTAL	120,610	96,387	—	39,998
Net exposure	(11,657)	(74,882)	101,380	(20,879)

The Group's policy is to manage its finance costs by using an appropriate balance of fixed and variable rate debt. It is acknowledged that fair value exposure is a by-product of the Group's attempt to manage its cash flow volatility arising from interest rate changes. At 31 December 2007, approximately 14.8% of the Group's borrowings are at a fixed rate of interest (2006: 3.3%).

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternative hedging positions and the mix of fixed and variable interest rates.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

At 31 December 2007, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Consolidated				
+1% (100 basis points)	(120)	(740)	(120)	(740)
-.5% (50 basis points)	60	370	60	370
Parent				
+1% (100 basis points)	1,000	(210)	1,000	(210)
-.5% (50 basis points)	(500)	105	(500)	105

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances. The movement in equity is due to the impact on profit of these interest rate movements. The sensitivity is lower in 2007 than in 2006 as a result of increased cash from the share issued.

(ii) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of other interest-bearing loans. The Group's financing activities are managed centrally by maintaining an adequate level of cash and cash equivalents to finance the Group's operations. The Group also ensures the availability of bank credit facilities to address any short term funding requirements. The Group's surplus funds are also managed centrally by placing them with reputable financial institutions.

The risk implied from the values shown in the following table, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital, inventories and trade receivables. These assets are considered in the Group's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the group has established comprehensive risk reporting covering its worldwide business units that reflects expectations of management of expected settlement of financial assets and liabilities.

Year ended 31 December 2007	<=6 months	6–12 months	1–5 years	>5 years	Total
	$'000	$'000	$'000	$'000	
Consolidated Financial Assets					
Cash & cash equivalent	108,953	—	—	—	108,953
Trade & other receivables	9,730	454	151	1,180	11,515
	118,683	454	151	1,180	120,468
Consolidated Financial Liabilities					
CCB standby L/C loan	—	—	60,339	—	60,339
BioGold short term loan	—	—	15,531	—	15,531
Jinfeng project loan	5,445	5,445	33,254	—	44,144
Golden China Resources Corporation long-term loan	—	—	—	596	596
Golden China Resources Corporation Debentures	19,264	—	—		19,264
Trade & other payables	30,883	—	—	—	30,883
Derivatives	13,669	15,547	95,755	—	124,971
	69,261	20,992	204,879	596	295,728
Net maturity	49,422	(20,538)	(204,728)	584	(175,260)

Year ended 31 December 2007	<=6 months	6–12 months	1–5 years	>5 years	Total
	$'000	$'000	$'000	$'000	
Parent Financial assets					
Cash & Cash equivalent	101,380	—	—	—	101,380
Trade & other receivables	1,427	454	151	1,180	3,212
	102,807	454	151	1,180	104,592
Parent Financial liabilities					
Trade & other payables	289	—	—	—	289
	289	—	—	—	289
Net maturity	102,518	454	151	1,180	104,303

(iii) Credit risk

Credit risk arises mainly from the risk that counterparties defaulting on the terms of their agreements. The carrying amounts of cash and cash equivalents and other receivables represent the Group's maximum exposure to credit risk in relation to financial assets.

All gold derivatives have been taken out pursuant to the Company's approved project financing facility. The counterparty for all gold derivatives is Standard Bank Plc.

As at 31 December 2007, there was no significant concentration of credit risk.

(iv) Commodity price risk

The Group is exposed to future movements in the price of gold. As part of its project financing for the Jinfeng mine, the Group was required to enter into gold forwards and options as set out in note 16.

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2007	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**
Consolidated				
US$/oz +10%	(3,010)	—	(31,688)	(26,900)
US$/oz -5%	1,505	—	15,844	13,450
Parent				
US$/oz +10%	—	—	—	—
US$/oz -5%	—	—	—	—

There is no profit or loss impact to 2006 as no forward contracts matured during the year.

(v) Foreign currency risk

As a result of significant operations in the People's Republic of China and large purchases of inventory denominated in RMB, the Group's balance sheet can be affected significantly by movements in the RMB$/US$ exchange rates. At 31 December 2007, the A$/US$ exchange rate was 0.8816, and the US$/RMB$ exchange rate was 7.3037. The primary mitigate to this risk is that sales proceeds are denominated in RMB, and the group actively monitors its debt currency exposure and manage this within the limits of its lending arrangement.

At 31 December 2007, the Group had the following exposure to A$/RMB foreign currency that is not designated in cash flow hedges:

	Group	**Group**	**Parent**	**Parent**
A$	**2007**	**2006**	**2007**	**2006**
	$'000	**$'000**	**$'000**	**$'000**
Financial Assets				
Cash and Cash Equivalents	1,036	622	1,036	622
Other Debtors	1,162	733	1,162	733
	2,198	1,355	2,198	1,355
Financial Liabilities	—	—	—	—
	—	—	—	—
Net exposure	2,198	1,355	2,198	1,355

RMB	Group 2007	Group 2006	Parent 2007	Parent 2006
	$'000	$'000	$'000	$'000
Financial Assets				
Cash and Cash Equivalents	7,573	2,386	—	—
Other Debtors	8,446	815	—	—
	16,019	3,201	—	—
Financial Liabilities				
Trade Creditors	23,516	(258)	—	—
Other Creditors	7,078	5,166	—	—
	30,594	4,908	—	—
Net exposure	(14,575)	(1,708)	—	—

The following sensitivity is based on the foreign currency risk exposures in existence at the balance sheet date.

At 31 December 2007, had the US Dollar moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
A$	**2007**	**2006**	**2007**	**2006**
	$'000	$'000	$'000	$'000
Consolidated				
A$/US$ +10%	(200)	(123)	(200)	(123)
A$/US$ -5%	116	71	116	71
Parent				
A$/US$ +10%	(200)	(123)	(200)	(123)
A$/US$ -5%	116	71	116	71

	Post Tax Profit Higher/(Lower)		Equity Higher/(Lower)	
RMB	**2007**	**2006**	**2007**	**2006**
	$'000	$'000	$'000	$'000
Consolidated				
RMB/US$ +10%	1,325	155	1,325	155
RMB/US$ -5%	(767)	(90)	(767)	(90)
Parent				
RMB/US$ +10%	—	—	—	—
RMB/US$ -5%	—	—	—	—

The movements in profit in 2007 are more sensitive than in 2006 due to the higher level of RMB payables at balance date.

Management believes the balance date risk exposures are representative of the risk exposure inherent in the financial instruments.

(vi) Debt/Equity Management

The Group funds its exploration, development and operating activities using both debt and equity. The mix of debt and equity is determined by consideration of regulatory, commercial and risk factors as well as tax efficiencies and the impact on earnings per share. The Company prepares detailed medium to long term cash forecasts and determines funding requirements accordingly. Debt is preferentially utilised on production assets where tax shields can be effective.

Equity is ordinary shares, not preference capital.

29. EARNINGS PER SHARE

	2007	2006
Basic earnings per share (cents per share)	(13.23)	(13.7)
Diluted earnings per share (cents per share)	(13.23)	(13.7)
Earnings used in calculating basic and diluted earnings per share	$(23,496,817)	$(20,054,360)
Weighted number of ordinary shares on issue used in calculation of basic earnings per share	177,586,981	146,168,242
Effect of dilutive securities	—	—
Number of potential ordinary shares that are not dilutive and not used in the calculation of diluted earnings per share	8,651,645	5,764,086
Weighted number of ordinary shares on issue used in calculation of diluted earnings per share	177,586,981	146,168,242

30. SUBSEQUENT EVENTS

The following significant events have occurred after 31 December 2007:

- On 11 December 2007, the company announced that it had received over 90% acceptances for the acquisition of Golden China Resources Corporation and was moving into compulsory acquisition to acquire the outstanding shares. On 16 January 2008, the compulsory acquisition was completed by the issue of a further 821,772 shares for a total number of shares issued in consideration of 14,189,642.

- On 14 December 2007, an equity raising of A$170 million was transacted for the issue of 26,459,459 fully paid ordinary shares at A$6.45 per share. The issue of 16,669,459 shares was conditional upon shareholder approval which was received at an Extraordinary General Meeting held on 24 January 2008. As a result of this approval these shares were issued and gross proceeds of A$107,518,010 realised.

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of the company, we state that:

In the opinion of the directors:

(a) The financial statements, notes and additional disclosures included in the Directors' Report designated as audited, of the company and consolidated entity are in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 31 December 2007 and of their performance for the year ended on 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.

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 ending 31 December 2007.

On behalf of the board

J Askew	**J. Klein**
Chairman	CEO

Sydney
20 February 2008

INDEPENDENT AUDIT REPORT

As at 31 December 2007

ERNST & YOUNG

■ Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

GPO Box 2646
Sydney NSW 2001

■ Tel 61 2 9248 5555
Fax 61 2 9248 5959

Independent auditor's report to the members of Sino Gold Mining Limited

We have audited the accompanying financial report of Sino Gold Mining Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 *Related Party Disclosures* ("remuneration disclosures"), under the heading "Remuneration Report" on pages 10 to 14 of the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. The directors are also responsible for the remuneration disclosures contained in the directors' report.

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. Auditing 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 and that the remuneration disclosures comply with Accounting Standard AASB 124 *Related Party Disclosures*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. 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 met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Sino Gold Mining Limited is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the financial position of Sino Gold Mining Limited and the consolidated entity at 31 December 2007 and of their performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

2. the remuneration disclosures that are contained on pages 10 to 14 of the directors' report comply with Accounting Standard AASB 124 *Related Party Disclosures*.

Ernst & Young

Ernst & Young

Paul Flynn
Partner
Sydney
20 February 2008