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sinogold

SINO GOLD MINING LIMITED

澳 華 黃 金 有 限 公 司*

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

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

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

22 Oct 2008

SEPTEMBER 2008 QUARTERLY REPORT

Sino Gold is pleased to provide an update on the Company's activities in the attached announcement titled "September 2008 Quarterly Report".

By Order of the Board
SINO GOLD MINING LIMITED

James Edward Askew
Chairman

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

Executive directors:

Mr. Jacob Klein

Mr. Hanjing Xu

Non-executive directors:

Mr. Thomas David McKeith

Mr. Liangang Li

Independent non-executive directors:

Mr. James Edward Askew

Mr. Peter William Cassidy

Mr. Brian Henry Davidson

Mr. Peter John Housden

** for identification purposes only*



Sino Gold Mining Limited

ABN: 42 093 518 579

ASX Code: SGX

SEHK Code: 1862

Included in S&P/ASX 200 Index

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

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

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

The Beyinhar and Eastern Dragon projects in northern China are being advanced towards mine development.

Sino Gold is the leading foreign gold company in China and is listed on the Australian Stock Exchange (ASX Code: SGX) and The Stock Exchange of Hong Kong (SEHK Code: 1862).

For further information, contact:

Phone: +61 2 8259 7000

Fax: +61 2 8259 7070

Email: info@sinogold.com.au

Web: www.sinogold.com.au

KEY POINTS

Jinfeng

- **Gold production increased 9% to 38,250 ounces of gold** for a record quarter and **cash costs decreased to US\$402/ounce**.
- Record monthly production of **14,590 ounces at US\$350 per ounce** achieved in September.
- **Overall gold recoveries improved faster than planned to 84.0%** (from 81.9%), with the plant now at or above design for all technical parameters.
- Underground mine development on-track to provide a total of 400,000 tonnes during 2009, predominantly in the second half.

BioGold

- The BioGold processing facility produced 7,848 gold-equivalent ounces for the quarter.

White Mountain

- **Wet Commissioning of the processing plant has commenced two months ahead of schedule.**
- **On schedule to achieve commercial gold production in early 2009.**
- **No change to capital cost estimate.**
- Initial ore has been mined in the central and southern portions of the underground mine.
- Drilling continued to extend mineralisation to the northeast of the defined resource with best downhole intercepts of **35m at 3.5g/t gold** and **14m at 3.7g/t gold**.

Eastern Dragon

- Outstanding drill results confirmed the high-grade Lode 5.
- Thick, high-grade mineralisation extended to the north with intercepts (true widths) of **8.9m at 12.9g/t gold and 86g/t silver** and **9.9m at 17.5g/t gold and 117g/t silver**.
- Better than expected mineralisation intercepted in the southern portion of the deposit such as **5.6m (true width) at 37.6g/t gold and 262g/t silver**.
- Pre-feasibility study commenced.

Beyinhar

- Project Pre-Approval permit received and feasibility study progressed towards finalisation by the end of 2008.

Corporate

- Management team strengthened with several key appointments.
- RMB231 (US\$34) million loan from China Construction Bank.
- Strong balance sheet with **no hedging** and **US\$65 million cash** at quarter end.

SAFETY & ENVIRONMENT

Two lost time injuries occurred at the Company's project sites during the quarter. One involved a light vehicle roll over accident and another was caused by failure to isolate high pressure air pipeline in the underground mine. Vehicle safety and energy isolation procedures were reinforced and relevant training provided following investigation of these accidents.

At Jinfeng, some off-site discharge of lime occurred due to a break in piping. The affected area was tested and the PH was demonstrated to be normal two hours after detection of the spillage.

The statutory annual check of Jinfeng's Mining Licence was received during the quarter, which confirms that the operation is in compliance with all legal requirements.

OPERATIONS - JINFENG MINE (82% EQUITY)

Jinfeng Mine Operating Performance		March 2008 Quarter Actual	June 2008 Quarter Actual	September 2008 Quarter Actual	2008 Calendar Year-to-Date
Waste Mined	bcm ('000)	2,022	2,424	2,326	6,772
Ore Mined	Tonnes ('000)	209	356	376	941
Ore Milled	Tonnes ('000)	283	290	304	877
Head Grade	g/t gold	4.6	4.6	4.7	4.6
Flotation Recovery	%	81.2	88.6	88.3	86.1
BIOX [®] /CIL Recovery	%	92.0	92.5	95.1	93.3
Overall Recovery	%	74.7	81.9	84.0	80.3
Gold Production	Ounces	30,976	35,412	38,250	104,638
Gold Sold	Ounces	32,007	38,525	37,958	108,490

Note: Ore stockpiles totalled 335,000 tonnes at 30 September 2008.

The logistical challenges presented by the wet season and Beijing Olympics were successfully addressed and the mine operated without any major interruptions during the quarter.

Jinfeng's gold production continued to increase with 38,250 ounces produced during the quarter at an average cash operating cost of US\$402/ounce. **Record monthly gold production of 14,590 ounces was achieved in September, lowering the cash operating cost to US\$350/ounce for the month.**

Jinfeng is now consistently achieving operational performance at or above all technical design parameters. Tonnes milled increased 5% to 304,000 tonnes for the quarter and the head grade was in line with expectations. A temporary scats crushing circuit is being commissioned and should increase near-term throughput above the design rate of 150tph.

Overall gold recoveries continued to improve and 84.0% was achieved for the quarter, primarily due to the BIOX[®]/CIL recovery increasing to an excellent 95.1% (design 93%) for the quarter. Reduced consumption of many reagents was also achieved during the quarter. An increase in the average concentrate grade has led to a review of options to reduce power consumption in the BIOX[®] plant.

Development of the underground mine continued with three underground ore production horizons now accessed. The underground development advance rate increased to 1,793m for the quarter and totalled 4,346m at the end of September 2008. Development ore is being mined on at 490RL and development of the decline had advanced down to 370RL by the end of September.

The table below provides a breakdown of Jinfeng costs in line with gold industry standards.

Jinfeng Mine Unit Costs (US\$/oz)	March 2008 Quarter	June 2008 Quarter	September 2008 Quarter	2008 Calendar Year-to-Date
Cash operating cost	429	405	402	411
Royalties, production taxes & refining	48	42	42	44
Total cash cost	477	447	444	455
Depreciation, amortisation and rehabilitation	83	78	80	80
Total production cost	560	525	524	535

Jinfeng Outlook

The operation is currently on track to deliver into the production guidance with gold production forecast for the December quarter to be approximately 45,000 ounces at a cash cost of less than US\$400 per ounce. The underground mine is planned to contribute an increasing proportion of mill feed over the course of 2009, providing a total of 400,000 tonnes of ore for the year.

OPERATIONS - BIOGOLD PROCESSING FACILITY

The BioGold Facility purchases gold concentrates and produces refined gold. The facility is located in Shandong Province, which is China's largest gold producing province.

BioGold Operating Performance		March 2008 Quarter Actual	June 2008 Quarter Actual	Sep 2008 Quarter Actual	2008 Calendar Year-to-Date
CIL Circuit – Concentrate Processed	Tonnes	3,742	5,024	1,530	10,296
BacOx Circuit – Concentrate Processed	Tonnes	4,597	3,355	3,826	11,778
Refinery – Gold Sold	Ounces	13,793	8,359	6,944	29,096
Refinery – Gold Equivalent* Sold	Ounces	18,648	11,127	7,848	37,623

* The calculation of gold equivalent ounces is total revenue (ie - gold + silver + base metals revenue) divided by the gold price realised for the period.

For the quarter, the BioGold Facility produced 7,848 gold-equivalent ounces at a breakeven net tolling profit margin.

The CIL circuit throughput for the first half of 2008 included a drawdown of stocks purchased prior to Sino Gold's ownership of BioGold. Batch processing of concentrate through the CIL circuit is planned to continue at similar levels to the September 2008 quarter unless additional concentrate can be sourced on attractive terms.

The expansion to the BacOx circuit was successfully commissioned during the quarter. Power restrictions, driven largely by the Beijing Olympics, limited the activity of bacteria in the BacOx circuit and throughput was less than planned.

Production from the BacOx circuit is now operating at design levels of 90 tonnes per day of concentrate.

DEVELOPMENT - WHITE MOUNTAIN (95% EQUITY)

The White Mountain project is **approximately two months ahead of schedule**. **Commissioning of the White Mountain processing plant commenced during the quarter with the overall project now more than 94% complete.**

No change to previously advised guidance of up to US\$62.5 million in capital costs, with US\$54 million of the budgeted project development cost incurred by 30 September 2008.

Development of the underground mine continued during the quarter. The project-to-date development advance totalled 3,666m to the end of September, including 1,684m during the

September quarter. Mining of the initial underground stopes commenced during the quarter with ore being accessed in the central and southern portions of the orebody. Approximately 25,000 tonnes of ore was stockpiled during the quarter.

Commissioning with ore of the crushing and grinding circuits has been completed. The thickener and CIL tanks are currently being commissioned with ore, prior to commissioning the elution circuit and gold room.

Key areas of the project remaining to be completed are the tailings filter plant (85% complete), the boilers to heat the operation and the backfill plant, which is not required until mid-2009.

Excellent progress of construction at White Mountain is demonstrated by the recent photos below.



Overview of processing facility



Commissioning of ball mills



Commissioning of ore conveyor



Commissioning of CIL tanks

White Mountain Exploration

Drilling continued to further test and extend White Mountain's current Mineral Resource containing 1.2 million ounces and Ore Reserve containing 0.8 million ounces.

Drilling during the 2008 field season has totalled 21 holes and 10.4km to the end of September 2008. Drilling during the quarter extended known mineralisation a further 100m down-dip from the northeast area of the resource with best down-hole intercepts of:

- 35.0m at 3.5g/t gold from 448m plus 3.4m at 11.2g/t gold from 491m in BDDS313; and
- 14.0m at 3.7g/t gold from 496m in BDDS321.

The White Mountain page on www.sinogold.com.au includes a table containing details on all drillholes completed at the project.

The White Mountain resource remains open to the northeast and at depth and drilling continues.

White Mountain Outlook for 2008

The project is on-track to commence commercial gold production in early 2009.

White Mountain has a current reserve mine life of at least 10 years at planned average production rates of 65,000 ounces per annum, with production scheduled to ramp-up to this annualised rate by late 2009.

FEASIBILITY - BEYINHAR (95% EQUITY)

During the quarter, project permitting was progressed and the Board Feasibility Review ("BFR") was refined. The Project Pre-Approval from the Provincial Development and Reform Commission was granted during the quarter and the next major permitting step is the submission of the Environmental Impact Assessment.

Key work during the quarter in relation to finalising the BFR included:

- Undertaking additional metallurgical testwork;
- Estimating capital and operating costs more comprehensively;
- Reviewing applicable taxes and other statutory government charges; and
- Updating the resource and reserve models with the results from the 2008 drilling program.

Beyinhar Exploration

The aim of the Beyinhar 2008 exploration program is to extend and upgrade both the oxide and sulphide resources. More than 82 drill holes and 17km of diamond drilling have been completed to date during 2008.

Drilling to test for extensions to oxide mineralisation returned some encouraging intercepts to the southwest of the current resource, with a best intercepts of **39.7m at 0.8g/t** gold from 83m downhole in BYD323 and **29.5m at 1.8g/t** gold from 34m downhole in BYD352.

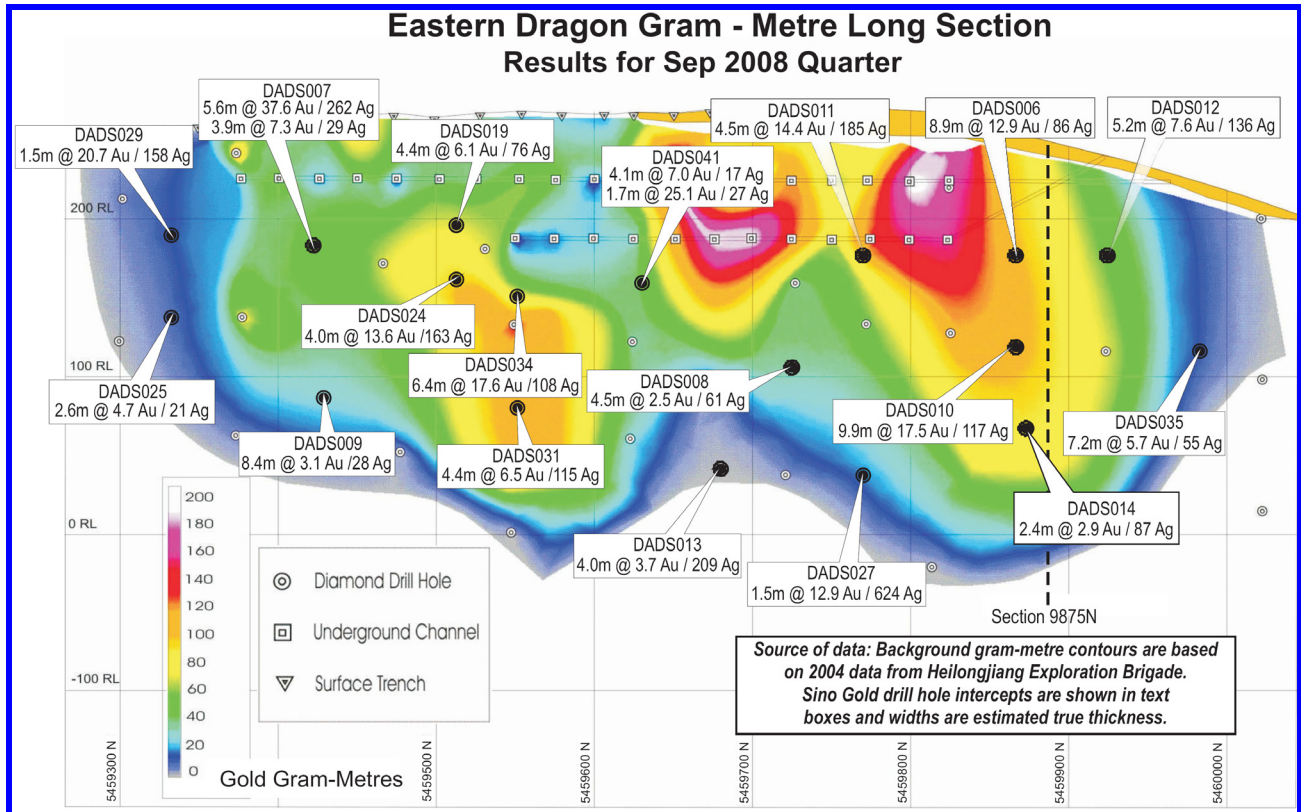
Drilling aimed at the deeper primary gold mineralisation has intercepted only limited narrow zones of higher grade mineralisation developed within several north trending shoots, with best intercepts of **4.0m at 6.5g/t** gold from 254m downhole in BYD331 and **2.4m at 54.1g/t** gold from 152m downhole in BYD362.

PRE-FEASIBILITY - EASTERN DRAGON (80% EQUITY) & SANJIANFANG

Eastern Dragon Lode 5 is a high-grade, gold-silver deposit located in northern China's Heilongjiang Province that has excellent potential to produce gold at very low cost. A pre-feasibility study to assess this potential has commenced.

During the quarter, drilling continued to confirm the previously identified epithermal gold-silver mineralisation at Lode 5 over a strike length of 600m and to a depth of 250m, as well as

successfully testing for extensions. Lode 5 comprises one major outcropping, sub-vertical epithermal quartz-adularia vein.

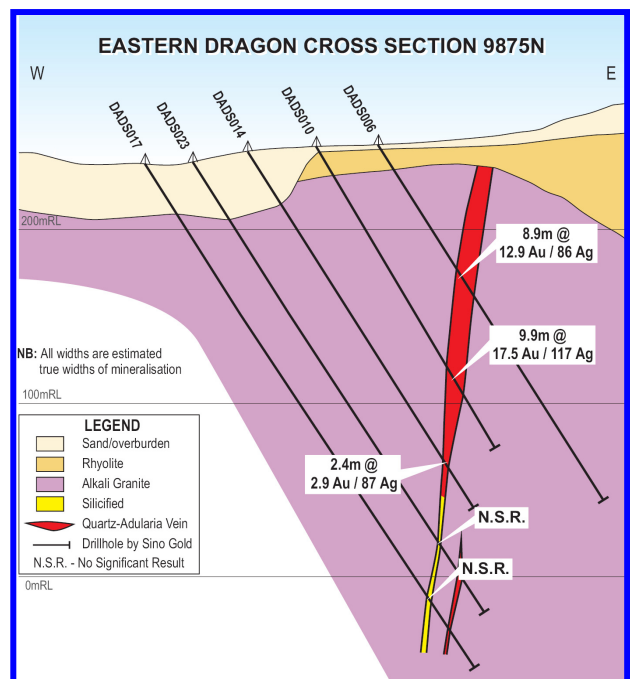


During 2008, Sino Gold has completed a total of 54 drill holes totalling 12.4km of drilling at Eastern Dragon. The long section above summarises the important assays received during the quarter (widths are shown as approximate true widths, subject to further drilling results).

Drilling in the northern portion of the deposit **extended thick, high-grade mineralisation to the north**, with intercepts (true widths) including:

- **7.2m at 5.7g/t gold and 55g/t silver** from 113.0m downhole in DADS35 on Line 9,975N.
- **5.2m at 7.6g/t gold and 136g/t silver** from 67.8m downhole in DADS12 on Line 9,925N.
- **8.9m at 12.9g/t gold and 86g/t silver** from 81.5m downhole in DADS06 and **9.9m at 17.5g/t gold and 117g/t silver** from 142.3m downhole in DADS10 on Line 9875N.

Drilling in the southern portion of the deposit provided some better than expected results including intercepts (true widths) of **5.6m at 37.6g/t gold and 262g/t silver** from 46.2m downhole in DADS07 and **8.4m at 3.1g/t gold and 28g/t silver** from 215.8m downhole in DADS09.



The underground adit on 225mRL was re-opened and some cross-cuts were accessed during the quarter for check channel sampling, metallurgical sampling and geotechnical assessment.

During the quarter, good progress was made in relation to the acquisition of the 53 km² Exploration Licence surrounding Eastern Dragon Lode 5.

Outlook

Work to date during 2008 is on-track to achieve Eastern Dragon's objectives for the year of:

- Converting and extending the Lode 5 identified resource to a JORC Code categorised resource by re-sampling, additional sampling and diamond drilling;
- Commencing additional metallurgical, geotechnical and mining studies;
- Progressing required permitting; and
- Progressing acquisition of the surrounding 53 km² Exploration Licence.

Eastern Dragon is an important part of Sino Gold's growth strategy and work to date is confirming its potential to be developed into a long-life, high-quality mine.

EXPLORATION - GOLDEN TRIANGLE

Guangxi Joint Venture (earning 70% equity)

Drilling at the Yandan Prospect continued to confirm the previously reported zone of mineralisation and **extended the known zone another 300m to a total of 1.3km along strike**. Drill hole GXYD21 intercepted **13.7m at 2.2g/t gold** from 130m downhole and GXYD25 intercepted **22.0m at 1.5g/t gold** from 122m downhole.

Drilling is now testing for higher grade mineralisation immediately to the west of this 1.3km zone.

Yandan is at the western end of a 15km-long target zone that also includes small oxide gold mines and several prospects of interest to the east. These prospects are situated on the same major structural corridor extending 50km southeast from Jinfeng, and in a similar geological setting to Jinfeng. Several strong soil geochemical and geophysical anomalies were identified during the quarter at the Longfeng, Chuandong and Daping Prospects with drilling planned for the December quarter.

EXPLORATION - SINO GOLD FIELDS ALLIANCE (50% EQUITY)

The Sino Gold Fields Alliance continues to evaluate opportunities in China, particularly in the four identified priority mineral belts with several opportunities being progressed towards possible acquisition.

In Yunnan Province, initial drilling at the first alliance joint-venture project has provided encouragement and confirmation of the geological model of intrusion-related style gold mineralisation. Six drill holes totalling 1,147m had been completed by 30 September 2008. Drilling is continuing to test this large 6km² gold anomaly over altered syenite intrusions.

CORPORATE

Management Team Expanded

Several important senior appointments have been made to strengthen the management team, all of whom speak both English and Chinese.

New Chief Financial Officer, Ed Miu, has over 30 years of relevant experience working with multi-national companies in China. His recent experience includes managing the finance area across four operations in China for Alcoa.

Two new positions have been created that reflect the Company's growth. Kevin Hobgood-Brown (Group Executive – General Counsel) has extensive experience working in China, most recently as a Partner with the Deacons law firm. Kevin is also the National President of the Australia China Business Council. Yaping Wang (General Manager – Public and Government Relations) has previously worked in similar roles with other foreign companies active in China including Ford and Proctor & Gamble.

Loan for White Mountain

During the quarter, the China Construction Bank provided a RMB231 (US\$34) million loan facility for the Company's White Mountain Gold Mine, comprised of a 5-year RMB190 (US\$28) million construction facility and 12-month RMB41 (US\$6) million working capital facility. The terms were very attractive and importantly no hedging was required.

The RMB190 (US\$28) million construction facility was fully drawn at 30 September 2008.

Sino Gold's gearing remains very low and the Company continues to evaluate how to optimise the structuring of its borrowings.

Cash and Hedging Position

At 30 September 2008, the Company had net available cash of US\$65 million.

Sino Gold does not have any hedging contracts relating to future gold sales, interest rates or foreign exchange transactions.

Exploration Expenditure

Exploration expenditure incurred by the Company during the quarter totalled US\$3.8 million.

Project (US\$ millions)	Mar 2008 Quarter	June 2008 Quarter	September 2008 Quarter	2008 Calendar Year
Jinfeng Mine	1.5	0.5	0.2	2.2
Golden Triangle	1.1	0.8	1.1	3.0
White Mountain	0.3	0.6	0.9	1.8
Other	1.3	3.3	1.6	6.2
Total exploration expenditure	4.2	5.2	3.8	13.2

CORPORATE DIRECTORY

Board of Directors

Jim Askew	Chairman
Jake Klein	CEO
Xu Hanjing	Executive Director
Peter Cassidy	Non-Executive Director
Brian Davidson	Non-Executive Director
Peter Housden	Non-Executive Director
Liangang Li	Non-Executive Director
Tommy McKeith	Non-Executive Director

Company Secretary

Ivo Polovineo

Competent Person

Mr Phillip Uttley (FAusIMM), who is Sino Gold's Chief Geologist, takes responsibility for the information in this report which relates to Exploration Results, Mineral Resources or Ore Reserves. 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 "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code 2004 Edition). Mr Uttley has consented to inclusion of this information in the form and context in which it appears.

Capital Structure

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

As at 21 October 2008, the Company has 291,611,627 ordinary shares on issue and a total of 11,333,752 unlisted options and warrants on issue.

Quarterly Share Price

	High	Low	Close
Jun 2007 Qtr	\$6.48	\$5.30	\$5.63
Sep 2007 Qtr	\$7.65	\$4.55	\$7.52
Dec 2007 Qtr	\$8.20	\$6.01	\$6.95
Mar 2008 Qtr	\$8.87	\$6.41	\$7.47
June 2008 Qtr	\$7.59	\$3.92	\$5.83
Sep 2008 Qtr	\$6.30	\$2.95	\$4.18

Registered Office

Sino Gold Mining Limited
Level 22
44 Market Street
Sydney NSW 2000
Australia
Phone +61 2 8259 7000
Fax +61 2 8259 7070
www.sinogold.com.au

Share Registry

Registries Limited
Level 7
207 Kent Street
Sydney NSW 2000
Phone +61 2 9290 9600
Fax +61 2 9279 0664
www.registriesltd.com.au

Computershare Hong Kong Investor Services Limited
17th Floor Hopewell Centre
183 Queen's Road East
Wanchai Hong Kong
Phone: +852 2862 8555
Website: www.computershare.com

Please direct enquiries regarding your shareholding to the relevant share registry.