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**sino**gold

**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))*

29 Jan 2009

**INITIAL EASTERN DRAGON JORC ORE RESOURCE AND RESERVE  
PROGRESSING TO BE SINO GOLD'S THIRD MINE**

Sino Gold Limited (ASX:SGX, SEHK:1862) is pleased to announce the initial eastern dragon JORC ore resource and reserve, progressing to be Sino Gold's third mine.

More details are included in the attached announcement.

By Order of the Board  
**SINO GOLD MINING LIMITED**

**James Edward Askew**  
*Chairman*

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

**Executive directors:**

Mr. Jacob Klein

Mr. Hanjing Xu

**Non-executive directors:**

Mr. Thomas David McKeith

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*



29 January 2009

## INITIAL EASTERN DRAGON JORC ORE RESOURCE AND RESERVE PROGRESSING TO BE SINO GOLD'S THIRD MINE

### Highlights

- Initial **Eastern Dragon Ore Reserve** of 2.0 million tonnes at **8.4g/t gold and 70g/t silver**, containing **0.5 million ounces gold and 4.4 million ounces silver**.
- Approximately 90% of Measured and Indicated Resources convert to Ore Reserves.
- Initial **Eastern Dragon Mineral Resource** totals 3.4 million tonnes at **7.1g/t gold and 66g/t silver**, containing **0.8 million ounces gold and 7.2 million ounces silver**.
- Potential to increase the resource through further drilling, especially of the recently discovered second mineralised vein (Lode 5-1).
- Initial **25% interest acquired in the surrounding 53 km<sup>2</sup> Exploration Licence**.
- Sino Gold aims to bring Eastern Dragon into production as quickly as possible to become Sino Gold's third operating mine.

Sino Gold Chief Executive Officer, Jake Klein, commented:

"Our work during 2008 has confirmed that Eastern Dragon is a very valuable gold deposit that is both high grade and straight forward to develop into a very low-cost mining operation.

"The quality of the deposit is demonstrated by 90% of Measured and Indicated Resources converting to Ore Reserves. Further drilling will be undertaken during 2009 with the aim of both upgrading and extending the resource, with the mineralisation primarily remaining open to the north.

"The very attractive project economics have been detailed in the recently completed Chinese Feasibility Study ("CFS"). The high silver grade of the orebody provides significant revenue to supplement the gold revenue. Including these silver credits, Eastern Dragon cash operating costs are estimated to be only US\$100 per ounce.

"Our team is continuing to progress the required permitting and further studies that are aimed at enabling the Sino Gold Board to commit to develop the Eastern Dragon Project during 2009 to become Sino Gold's third operating mine as rapidly as possible."

### Mineral Resource Estimate

During 2008, Sino Gold completed a total of 56 drillholes totalling 12.8km of drilling at Eastern Dragon. Five of these drillholes intercepted a new second lode (named Lode 5-1) which is parallel to the southern end of the main Lode 5.

The initial Eastern Dragon **Mineral Resource** totals 3.4 million tonnes at **7.1g/t gold and 66g/t silver**, containing **0.8 million ounces gold and 7.2 million ounces silver**. This is the first resource estimate for this deposit to the JORC Code.

### Eastern Dragon Mineral Resource

| Mineral Resource Category       | Tonnes ('000) | Gold Grade (g/t Au) | Gold Ounces ('000) | Silver Grade (g/t Ag) | Silver Ounces (millions) |
|---------------------------------|---------------|---------------------|--------------------|-----------------------|--------------------------|
| Measured                        | 612           | 11.2                | 220                | 83                    | 1.6                      |
| Indicated                       | 1,556         | 7.2                 | 361                | 73                    | 3.7                      |
| <b>Measured &amp; Indicated</b> | <b>2,168</b>  | <b>8.3</b>          | <b>581</b>         | <b>76</b>             | <b>5.3</b>               |
| Inferred                        | 1,218         | 5.0                 | 196                | 50                    | 1.9                      |
| <b>Total</b>                    | <b>3,386</b>  | <b>7.1</b>          | <b>777</b>         | <b>66</b>             | <b>7.2</b>               |

*Note: Cut-off grade of 1.0g/t gold used. Mineral Resources are inclusive of Ore Reserves.*

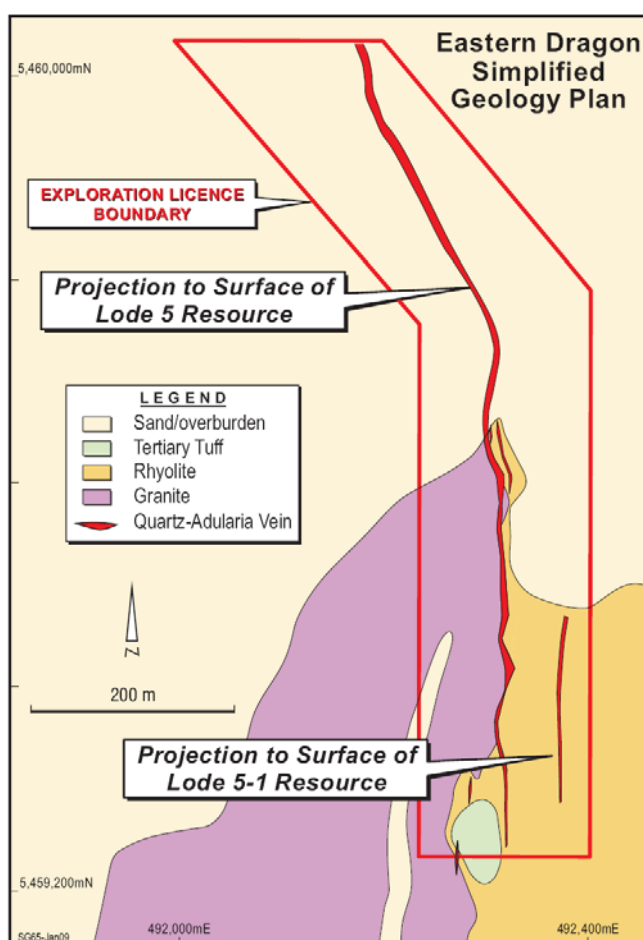
Measured and Indicated Resources comprise 75% of contained ounces within the total Mineral Resource.

Nearly all of the resource is contained within Lode 5 with only 87,000 ounces contained in other veins, primarily Lode 5-1.

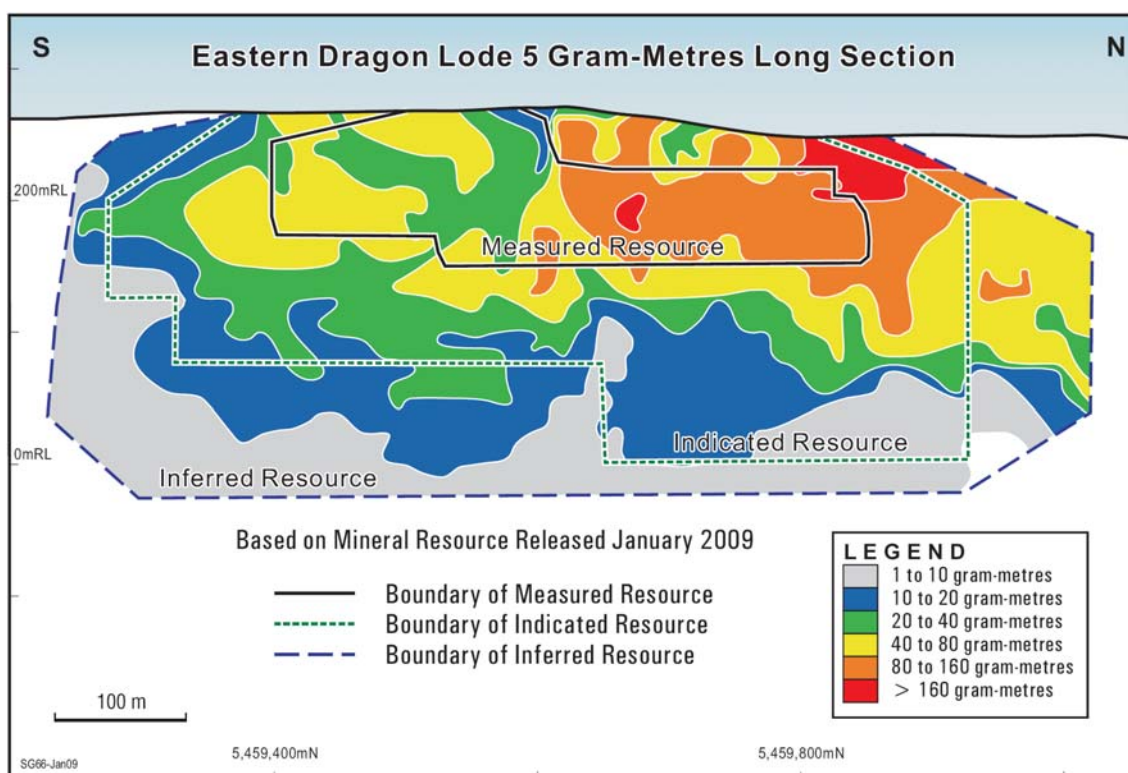
The resource extends over a strike length of 800m and from surface to a maximum depth of 300m. The average true width of Lode 5 is approximately 6m.

The above resource estimate is primarily based on:

- Data from Sino Gold drilling completed during 2008, as well as data collected by a Chinese exploration brigade from 45 diamond drillholes and channel sampling of trenches and 32 underground crosscuts;
- Drillhole spacings of generally 50m along strike and in the range of 40m to 70m down dip; and
- Ordinary Kriging (2D) geostatistical resource estimation technique.



The long section below summarises the mineralisation contained within Lode 5.



### Ore Reserve Estimate

The initial Eastern Dragon **Ore Reserve** is estimated to total 2.0 million tonnes at **8.4g/t gold and 70g/t silver**, containing **0.5 million ounces gold and 4.4 million ounces silver**.

#### Eastern Dragon Ore Reserve

| Ore Reserve Category       | Tonnes ('000) | Gold Grade (g/t Au) | Gold Ounces ('000) | Silver Grade (g/t Ag) | Silver Ounces (millions) |
|----------------------------|---------------|---------------------|--------------------|-----------------------|--------------------------|
| Open Pit - Proved          | 203           | 10.3                | 68                 | 53                    | 0.3                      |
| Open Pit - Probable        | 181           | 12.8                | 74                 | 82                    | 0.5                      |
| <b>Open Pit - Total</b>    | <b>384</b>    | <b>11.5</b>         | <b>142</b>         | <b>67</b>             | <b>0.8</b>               |
| Underground - Proved       | 448           | 9.6                 | 138                | 82                    | 1.2                      |
| Underground - Probable     | 1,131         | 6.8                 | 247                | 66                    | 2.4                      |
| <b>Underground - Total</b> | <b>1,579</b>  | <b>7.6</b>          | <b>385</b>         | <b>70</b>             | <b>3.6</b>               |
| Total - Proved             | 651           | 9.8                 | 206                | 72                    | 1.5                      |
| Total - Probable           | 1,312         | 7.6                 | 321                | 69                    | 2.9                      |
| <b>Grand Total</b>         | <b>1,963</b>  | <b>8.4</b>          | <b>527</b>         | <b>70</b>             | <b>4.4</b>               |

Note: Cut-off grades are 1.5g/t gold for the open pit and 2.5g/t gold for the underground mine.

Open-pit Reserves comprise 27% of the contained ounces within the total Ore Reserve and Proved Reserves comprise 39% of the contained ounces within of the total Ore Reserve.

Ore is planned to be mined initially from a 60m-deep open pit and then from an underground mine using the benching method. The waste-to-ore strip ratio is estimated to be 15 to 1 when the Inferred Resource is considered as waste within the open pit.

Key parameters for this Ore Reserve estimate are:

- Gold price of US\$650 per ounce, silver price of US\$10 per ounce;

- Current estimates of operating costs based on the CFS and actual costs at Sino Gold's White Mountain Mine;
- Metallurgical recoveries based on testwork undertaken during 2008; and
- Cut-off grades of 1.5g/t gold for the open pit and 2.5g/t gold for the underground mine.

The reserve and resource estimate methodology, including a summary of relevant assessment and reporting criteria, is available under the Projects section of [www.sinogold.com.au](http://www.sinogold.com.au).

### **Eastern Dragon Outlook**

Sino Gold aims to bring Eastern Dragon into production as quickly as possible to become Sino Gold's third operating mine.

The Company is planning another substantial drilling program for the 2009 field season with the aim of extending and upgrading resources and reserves.

A Beijing design institute has recently completed the CFS, which is a key document required to progress permitting for the project. In parallel with obtaining relevant approvals from the Chinese authorities, engineering design work for the project is progressing.

Sino Gold has also acquired an initial 25% interest in the 53 km<sup>2</sup> Exploration Licence surrounding the Eastern Dragon Lode 5 Exploration Licence, as well as a pre-emptive right over a further 26% interest, held by the same joint venture partner at Eastern Dragon. A prepayment was made with the final price being subject to adjustment by an independent valuer and all government approvals being in place.

Sino Gold has set an ambitious schedule to bring Eastern Dragon into production. Development of Eastern Dragon may commence in late 2009 if feasibility and design work continues on schedule and provided required approvals are received expeditiously. This potential early start to development is driven by commencing development works at site prior to the onset of next winter, similar to the timing achieved for the White Mountain Mine development. If this ambitious schedule is not met, then commencement of development would be delayed to April 2010.

### **Competent Persons**

These Mineral Resources and Ore Reserves are presented in accordance with the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("JORC Code"), which is equivalent under the corresponding categories of mineral reserves and mineral resources to Canada's National Instrument 43-101 – Standards for Disclosure for Mineral Projects ("NI43-101") and CIM Standards.

The information relating to this Mineral Resource estimate has been compiled by Sino Gold's team of geologists led by Dr Yumin Qiu (MAIG) in China and Dr Stuart Munroe (MAusIMM) in Australia.

Dr Qiu (MAIG) takes responsibility for the exploration data relating to this Mineral Resource estimate. Dr Qiu is currently General Manager, China Exploration and JVC and is a geologist with more than 25 years experience in the mining industry in Australia and China.

Mr Robin Simpson (MAIG) takes responsibility for the estimate of the Mineral Resource. Mr Simpson an independent consultant with SRK Consulting and is a geologist with more than 10 years relevant experience in the evaluation of gold deposits.

Dr John Chen (MAusIMM) takes responsibility for all the information relating to this Ore Reserve estimate. Dr Chen is currently Manager – Mining, Technical Services for Sino

Gold and is a mining engineer with more than 20 years experience in the mining industry in Australia and China.

Dr Qiu, Mr Simpson and Dr Chen each:

- have sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration;
- are Competent Persons as defined in the JORC Code and “qualified persons” under NI43-101; and
- consent to the publication of this information in the form and context in which it appears.

## About Eastern Dragon

*Eastern Dragon Lode 5 is a high-grade, low-sulphidation, epithermal, gold-silver vein deposit located in northern China’s Heilongjiang Province. Sino Gold has an 80% equity interest in the Lode 5 Exploration Licence as well as an initial 25% interest in the surrounding 53 km<sup>2</sup> Exploration Licence with a pre-emptive right over a further 26% interest.*

*The epithermal style of mineralisation at Eastern Dragon tends to form clusters of similar deposits and thus the surrounding area is considered highly prospective.*

*A Chinese Feasibility Study completed in early 2009 indicates that Eastern Dragon is potentially a simple combined open-pit and underground mining operation with a carbon-in-leach (“CIL”) processing plant. Metallurgical testwork indicates that more than 90% of the gold and more than 70% of the silver should be recoverable.*

*With an initial high-grade Ore Reserve totalling 2.0 million tonnes at 8.4g/t gold and 70g/t silver (containing 0.5 million ounces gold and 4.4 million ounces silver), Eastern Dragon has excellent potential to produce gold at very low cost.*

*Sino Gold has set an ambitious schedule to bring Eastern Dragon into production as quickly as possible.*



## For further information regarding Sino Gold please contact:

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