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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))*

11 March 2009

**SINO GOLD INCREASES EQUITY IN EASTERN DRAGON LODE 5 AND  
SURROUNDING EXPLORATION LICENCE**

Sino Gold Limited (ASX:SGX, SEHK:1862) is pleased to announce equity increase in Eastern Dragon lode 5 and surrounding exploration license.

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

*\* for identification purposes only*

**Independent non-executive directors:**

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



11 March 2009

## **SINO GOLD INCREASES EQUITY IN EASTERN DRAGON LODE 5 AND SURROUNDING EXPLORATION LICENCE**

### **Highlights**

- Ownership of **Eastern Dragon Lode 5 increased from 80% to 95%** at a cost of US\$20 million.
- Ownership of the surrounding **53 km<sup>2</sup> Exploration Licence ("EL53") increased from 25% to 60%** at a cost of US\$11 million.
- An aggressive drilling program during the upcoming field season is aimed at extending Lode 5 and discovering similar high-grade, gold-silver deposits in EL53.

Sino Gold Chief Executive Officer, Jake Klein, commented:

"We are very pleased to increase our ownership in both Eastern Dragon Lode 5 and the surrounding Exploration Licence. Our feasibility studies completed to date have confirmed the uniqueness of the asset in the global gold universe with predicted cash operating costs of only US\$100 per ounce (including silver credits).

"Increasing our ownership in EL53 enables us to trigger a comprehensive exploration program for Lode 5 and the surrounding ground in the upcoming field season. We are planning to mobilise five drill rigs to Eastern Dragon by late April.

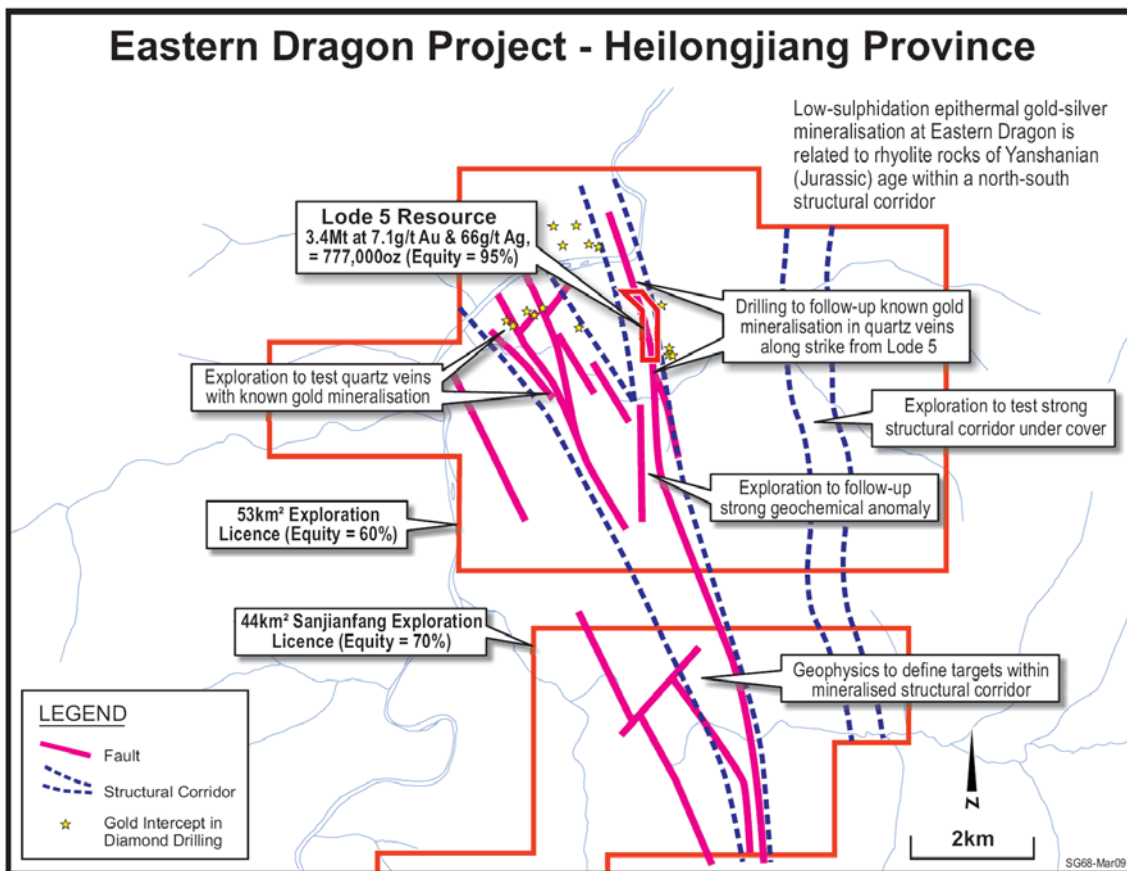
"We look forward to testing the strong potential for Lode 5 along strike and for parallel lodes plus now exploring EL53 for additional high-grade, epithermal deposits similar to Lode 5.

"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."

Sino Gold has agreed to increase its equity from 80% to 95% in the Eastern Dragon Lode 5 Exploration Licence. The US\$20 million cost for the additional 15% joint-venture interest will be made in instalments as specified government approvals are received and key milestones are achieved.

Sino Gold has also agreed to increase its equity from 25% to 60% in the surrounding EL53. The US\$11 million cost for the additional 35% joint-venture interest is payable upon receipt of the relevant government approvals and transfer of the exploration licence into the name of the joint-venture company. This transaction includes Sino Gold receiving a pre-emptive right to further increase its interest to 95% in EL53.

The geological setting of EL53 is considered favourable for hosting similar epithermal gold-silver deposits. A number of outcropping quartz veins have been previously identified in EL53 and tested to varying degrees by trenching and drilling, some with known gold mineralisation. A systematic exploration program of EL53 is planned to commence early in the 2009 field season.



Very attractive project economics for Eastern Dragon Lode 5 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.

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 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.

Eastern Dragon is an important part of Sino Gold’s growth strategy that is being rapidly progressed towards becoming Sino Gold’s third mine.

## 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 a 95% equity interest in the Lode 5 Exploration Licence as well as a 60% interest in the surrounding 53 km<sup>2</sup> Exploration Licence with a pre-emptive right over a further 35% 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.

The initial Mineral Resource estimate to the JORC Code 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 (announced 29 January 2009).

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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