



13 August 2009

SINO GOLD ACQUIRES OPTION OVER CAIJIAGOU GOLD PROJECT

Sino Gold Mining Limited (ASX: SGX, SEHK:1862) is pleased to announce that it has entered into an option agreement to acquire the Caijiagou Gold Project in Liaoning Province in northeast China.

The Caijiagou Gold Project comprises:

- > a small open-pit mine and a new processing plant; and
- > 17.5km² Exploration Licence.

The vendor and new joint-venture partner is a private company named Beipiao Huifeng Enterprises Group. Following an initial payment of US\$0.3 million to the vendor, the agreement provides Sino Gold with an option to:

- > carry out further due diligence including a drilling program;
- > acquire 70% of Caijiagou for US\$7.9 million within 12 months; and
- > acquire a further 25% of Caijiagou for US\$4.4 million within 24 months.

Sino Gold's CEO, Jake Klein, commented:

"Caijiagou is exactly the type of opportunity in China that Sino Gold has been pursuing as it has the potential to quickly create tremendous value. We have negotiated a low-cost option over a small gold mining operation with strong gold mineralisation and numerous indications that a larger mineralised system is likely to be present.

"Amazingly, this gold deposit has been mined since 2008 but appears not to have been tested by drilling either down dip or along strike. We will shortly commence an exploration and drilling program aimed at exercising our option to acquire Caijiagou as soon as possible."

Project Background

Located in western Liaoning Province, the Caijiagou Gold Project is located in an established mining district with coal, iron ore and gold mines. The city of Beipiao is approximately 30km south of Caijiagou and is along the high-speed train line currently being constructed between Beijing and Shenyang. The closest airport is at Chaoyang City, approximately 60km southwest of Caijiagou.

Gold mineralisation at Caijiagou is structurally controlled and hosted in granite with visible pyrite, silicification and sericite. The mine is close to the contact between Mesozoic granite host rocks with Archean gneissose country rocks. Caijiagou is one of the many gold deposits in the broad east-west trending Hebei-Liaoning metallogenic belt.

The open pit is currently 250m long, 80m wide and around 40m deep. The current owners take a very simple approach to mining as the gold mineralisation is not tested by drilling prior to mining. Reliable estimates of resources and reserves are therefore not available and the operation does not have proper grade control. Limited sampling of the open pit has been undertaken by Sino Gold. Assays returned include 8m at 4g/t gold and 24m at 1.7g/t gold.

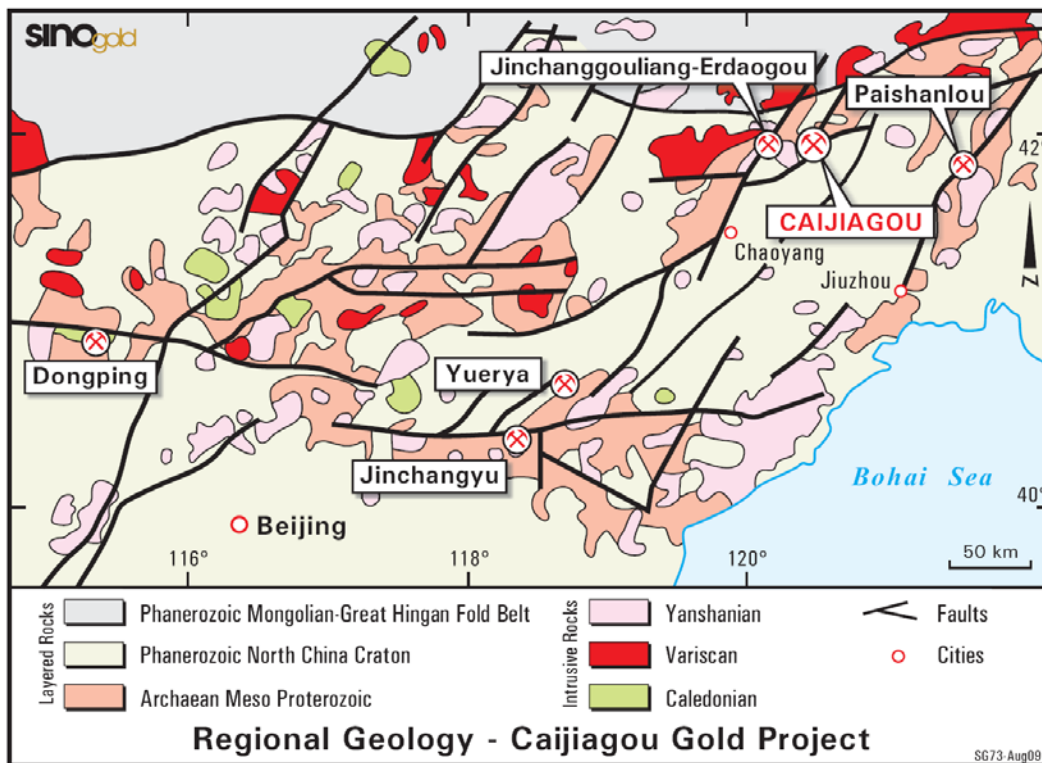
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The Caijiagou processing plant has a design capacity of 1,000 tonnes per day and commenced processing in late 2008. It is a standard Chinese processing plant, including two ball mills and a flotation circuit. The operation is currently producing concentrates containing approximately 6,000 ounces of gold per annum.



Alteration zonation at the pit area, looking SW

The Hebei-Liaoning metallogenic belt contains several deposits containing more than two million ounces of gold. Caijiagou is located about 90km west of the Paishanlou gold mine and 30km east of the Jinchanggouliang-Erdaogou gold mine. Other large deposits are known as Dongping, Jinchangyu and Yuerya.



Regional surveys indicate that Caijiagou is located in a distinctive gold geochemical anomaly and on a major structure interpreted from gravity data.

Sino Gold plans to implement an exploration program over the coming few months that includes geological mapping, geophysical surveys and diamond drilling.

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About Sino Gold

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

The 82%-owned **Jinfeng** Gold Mine in southern China's Guizhou Province and is now the second largest gold mine in China with 2008 gold production of 151,000 ounces. Jinfeng's gold production is planned to increase as the processing plant is de-bottlenecked and as higher-grade ore from the underground mine supplements ore from the open pit.

The 95%-owned **White Mountain** Gold Mine in northeast China's Jilin Province and commenced commercial gold production in January 2009. Upon reaching design production rates, White Mountain will produce an average of 65,000 ounces of gold annually.

The high-grade **Eastern Dragon** Project in northern China's Heilongjiang Province has excellent potential to produce very low-cost gold and is being rapidly progressed towards becoming Sino Gold's third mine.

Sino Gold continues to assess the potential of the **Beyinhar** Project in Inner Mongolia to be developed into an open-pit, heap-leach gold operation.

Total gold production from the Jinfeng and White Mountain Mines for calendar 2009 is planned to be in the range of 210,000 to 230,000 ounces at a cash operating cost of less than US\$400/ounce.

With the planned development of Eastern Dragon and Beyinhar, Sino Gold is targeting annual gold production of more than 400,000 ounces at a cash cost of ~US\$300/ounce by 2012.

Competent Person

The information in this announcement which relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by Dr Yumin Qiu, Member of the Australian Institute of Geoscientists, who is a full-time employee of the company in the capacity of Head of Exploration and Business Development. Dr Qiu has sufficient experience in relation to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking 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). Dr Qiu has consented to inclusion of that information in the form and context in which it appears.