



Sinovus Mining Limited
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**SINOVUS MINING LTD
ABN 46 121 081 105**

SUPPLEMENTARY PROSPECTUS

This is a Supplementary Prospectus to the Short Form Prospectus dated 6 June 2011 issued by Sinovus Mining Ltd and lodged with ASIC and ASX on that date ("the **Short Form Prospectus**").

Terms used in this Supplementary Prospectus have the same meaning as in the Short Form Prospectus.

The following is information that investors would reasonably require, to make an informed assessment of the effect of the offer in the Short Form Prospectus, on the Company. It supplements information already disclosed in the Short Form Prospectus.

Allocation of funds to be raised

Further to information in the Chairman's Letter and Section 3.6 of the Short Form Prospectus, the funds to be raised by the issue of the New Shares and New Options, namely \$1,184,313 if fully subscribed, will be applied as follows:

(a) in payment of the expenses of the Offer referred to in Section 5.8 of the Short Form Prospectus, and	\$117,258
(b) to meet the Company's obligation to pay \$800,000 to Paltar Petroleum Limited under the Share Subscription Agreement described in Section 8.4 of the Short Form Prospectus, and	\$800,000
(c) to apply \$50,000 towards the continuing rationalisation of the projects in which the Company is involved in China, which projects are the subject of various announcements through ASX, and	\$50,000
(d) to apply \$50,000 towards investigating various investment opportunities to be located in Australia in order to diversify the asset base of the Company, and	\$50,000
(e) the balance of \$167,056 to be added to existing cash reserves of the Company as disclosed in Section 5.3 of the Short Form Prospectus, all of which funds will be available to meet estimated cash outflows, disclosed in Appendix 5B as approximately \$250,000 per quarter (ASX filing 29 April 2011).	\$167,056
TOTAL	\$1,184,313

Items (c), (d) and (e) will abate according to any reduction in funds raised.

Relationship with Paltar

Paltar Petroleum Limited ("**Paltar**") is not a "related party" of the Company because Paltar is not now controlled, and has not within the previous 6 months been controlled, by any related parties of the Company (s228 of the *Corporations Act*).

Although Mr Sutton and Mr Causbrook are directors of both Paltar and the Company, they do not control Paltar, either individually or together, because they are only 2 of 4 directors of Paltar.

Relationship with the Underwriter

Pursuant to s228 *Corporations Act*, the Underwriter is a related party of the Company in that Mr David Sutton controls the Underwriter by his directorship of it.

The following are matters relevant to Regulatory Guide 76.148. Although there is disclosure in Section 8.3 of the Prospectus in relation to Underwriting Agreement, the following more fully describes the arrangements between the Underwriter and the Company:

(a) the value of the financial benefit to the Underwriter. This consists of the Underwriting Fee equal to 6% of the gross funds raised under the rights issue. This equates to a maximum payment to the Underwriter of \$71,058. The only other possible financial benefit to the Underwriter would be the acquisition of any shortfall shares in the event of a shortfall.

(b) the Company has not and does not propose to obtain member approval under Part 2E of the *Corporations Act* for the Underwriting Agreement. This is based on s210 which provides that member approval is not needed for the Company to give a financial benefit on terms that would be reasonable in the circumstances if the Company and Underwriter were dealing at arms' length. The terms of the Underwriting Agreement are typical of underwriting agreements frequently used in the context of public companies raising funding and are at arms' length. The Underwriting Fee to which the Underwriter is entitled under the Underwriting Agreement is not excessive and is disclosed herein. Furthermore, the Underwriter will not benefit from the proposed use of the capital raised by the Company.

Set out below is a table setting out the top 20 shareholders, including Optex Exchange Pty Ltd (a related party of Mr Sutton). This table shows the change in percentage shareholding if there is a 100% shortfall in the rights offer in respect of new shares issued. The table demonstrates that in the case of a 100% shortfall, the Underwriter would hold 11.1% of the total issued capital of the Company.

This Supplementary Prospectus is to be read together with the Short Form Prospectus it supplements.

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		From	To
Sinomine Holdings Limited	72,000,000	15.199%	13.51%
Optex Exchange Pty Limited	8,910,000	1.881%	1.881%
Oriental Empire Investments Limited	36,000,000	7.599%	6.76%
Martin Place Securities Nominees Pty Ltd	30,648,182	6.47%	5.75%
Mr Hongbiao Fu	28,914,321	6.104%	5.43%
Temujin Holdings Pty Ltd	27,636,667	5.834%	5.19%
Keng Chuen Tham	22,636,668	4.778%	4.23%
Tusculum Holdings Limited	21,851,681	4.613%	4.1%
Davalik Pty Ltd	18,109,334	3.823%	3.40%
Ms Yiqin Wang	15,388,919	3.248%	2.89%
Australian Heritage Group Pty Ltd	14,595,000	3.081%	2.74%
Alcardo Investments Limited	10,152,229	2.143%	1.9%
Mr Stephen Harris	9,000,000	1.9%	1.69%
Martin Place Securities Staff Super Fund Pty Ltd	8,850,000	1.868%	1.66%
State China International Ltd	8,010,000	1.691%	1.50%
Mr Colin Robert Hood & Mrs Ann Robyn Hood	6,327,228	1.336%	1.19%
Woolsthorpe Investments Limited	4,527,334	0.956%	0.850%
Classico International Limited	4,527,333	0.956%	0.850%
Rigi Investments Pty Ltd	4,342,207	0.917%	0.815%
Mr Jan M Schnebelie	4,027,334	0.85%	0.756%
Dayton Way Financial Pty Ltd	59,215,710	Nil	11.1%
	415,670,147	75.25%	78.19%

Accordingly the effect of a 100% shortfall under the offer is as follows in relation to the parties related to the Company:

- The underwriter: The underwriter would become the holder of 11.1% of the total issued capital of the Company.
- Related parties of the underwriter: Optex Exchange Pty Ltd has no change to its 1.88% interest in the Company.

Sub-Underwriting

The Company understands that the offer will or may be sub-underwritten.

Neither ASIC nor the ASX takes any responsibility for the contents of this supplementary prospectus.

The Board of Sinovus Mining Ltd approved the issue of this Supplementary Prospectus on 21 June 2011 and its lodgment with ASIC.



James William Meehan
Director

Date: 21 June 2011

This document is lodged with ASIC on 21 June 2011.

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