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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."

For further information regarding Sino Gold please contact:

Investor Enquiries:

Jake Klein, CEO or Roger Howe, Investor Relations
+61 2 8259 7000, info@sinogold.com.au

Media Enquiries:

Kate Kerrison
+61 2 6746 3221, kate@katekerrison.com.au

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.