

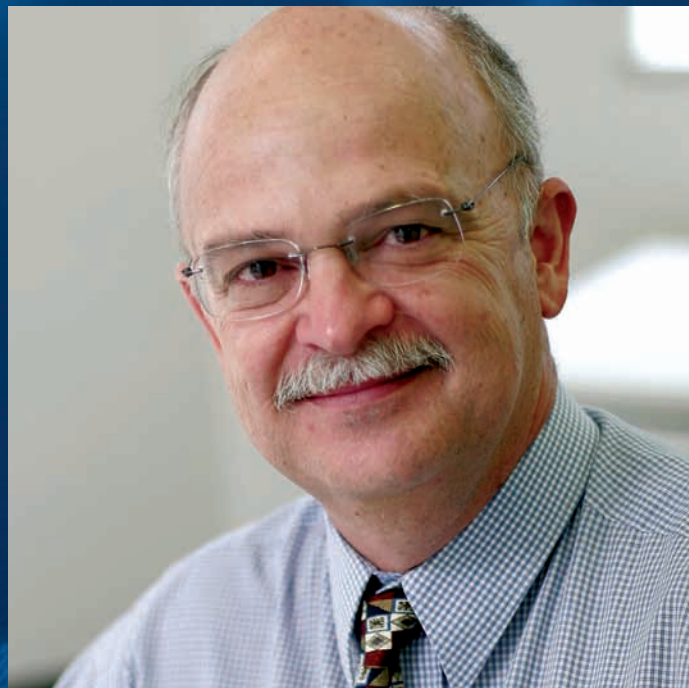
“Sino Gold has the largest gold exploration program in China and our exploration portfolio was significantly expanded during 2006 through new joint ventures with Chinese partners and a new strategic alliance with Gold Fields Limited.”



澳华黄金

sino gold  
exploration





Chief Geologist Phillip Uttley

Sino Gold, already the leading gold explorer in China, significantly expanded its exploration portfolio through the formation of five joint ventures during 2006.

A new strategic alliance with Gold Fields will provide additional exploration to that carried out by our three regional teams – Golden Triangle, Northern China and Shandong Province.

The approach of the Sino Gold Fields (“SGF”) Alliance is complementary to our regional teams. The alliance will explore selected mineral belts across China for large gold deposits containing more than five million ounces. The regional teams generally focus on a single mineral province and develop extensive databases, local knowledge and relationships with other tenement holders in that belt.

Our preferred strategy is to partner with Chinese groups who have powerful local experience and are major tenement holders in a selected gold district. Grassroots exploration by these groups has generally advanced prospects to the drilling stage. Sino Gold brings a fresh perspective to exploring these areas and provides funding to drill and quickly assess prospects.

#### **Sino Gold Fields Alliance**

The SGF Alliance was formed in November 2006 to target and explore China for projects that meet Gold Fields’ benchmark “rule of fives” gold deposit criteria:

- Resources of at least 5,000,000 ounces of gold; and
- Production capacity of approximately 500,000 ounces of gold per annum.

Gold Fields’ existing exploration assets and personnel in China will be integrated into the SGF Alliance, which will conduct all of Gold Fields’ exploration activity in China.

The alliance will explore primarily for porphyry, high-sulphidation epithermal or sediment-hosted disseminated orogenic style gold mineralisation. These styles of mineralisation are not currently the focus of Sino Gold’s exploration programs in China.

The key terms of the agreement forming the SGF Alliance are:

- A new entity will be formed which will be equally funded by both parties;
- All of China is included, except for Sino Gold’s projects around the Laizhishan Dome area near Jinfeng and White Mountain;
- The exploration undertaken by the alliance will be managed by Sino Gold;
- Gold Fields will manage the development and operation of any new projects resulting from the alliance that meet the agreed Gold Fields benchmark criteria;
- Sino Gold has the right to properties which do not meet the criteria referred to above; and
- Processes to facilitate technical co-operation have been defined, such as the exchange of technical information and personnel.

Gold Fields purchased 6.5 million Sino Gold shares at \$5.58 per share as part of forming this alliance.

The alliance will focus on exploring several gold belts considered to have good potential to host multi-million ounce gold deposits. The alliance team will prioritise China’s gold belts and commence exploration on selected belts during 2007.



**sino**gold

# exploration



Drilling at North Mountain joint venture

## GOLDEN TRIANGLE GOLD DEPOSITS



### Golden Triangle

China's "Golden Triangle" mineral province in southern China contains a number of gold deposits containing in excess of one million ounces, of which Jinfeng is the largest. Sino Gold increased its exploration effort and tenement position in the Golden Triangle during 2006.

Gold mineralisation in the Golden Triangle is considered to be genetically similar to the Carlin trend deposits in Nevada, USA. Most gold deposits in the Golden Triangle are located within tightly folded sedimentary sequences of Triassic age, adjacent to or along the unconformity with the underlying Permian carbonates. Gold mineralisation is generally localised within faults and by replacement of favourable rock types.





Drilling at Jinfeng



Exploration drilling

During 2006, Sino Gold formed new joint ventures in the Golden Triangle with:

- Guangxi Institute of Regional Geology Survey ("GIRGS"); and
- Brigade 105, a subsidiary of the Guizhou Bureau of Geology and Mineral Resources.

Many of these joint-venture tenements cover prospects with gold mineralisation in a similar geological and structural setting to the Jinfeng orebody and other major gold deposits in the region. Previous exploration has advanced many prospects to the drilling stage through geological mapping, geochemical surveys, trenching, adits and limited shallow drilling.

The majority of the licences in the GIRGS joint venture are on the margin of the Leye-Tian'er Domes and are located 70km to 100km southeast of Jinfeng.

The joint venture with Brigade 105 is known as "Greatlands" and contains a package of tenements situated on the boundary of the Guizhou and Yunnan Provinces, about 150km west-northwest of the Jinfeng Mine and near the Nibao gold deposit.

In November 2006, Sino Gold announced the acquisition of a 19.9% shareholding in Golden Tiger Mining NL. Golden Tiger Mining is focused on exploring for gold in Guangxi Province of China and its portfolio of exploration properties are complementary to Sino Gold's exploration portfolio in the Golden Triangle.

### Northern China

During 2006, Sino Gold entered into the North Mountain joint venture in Xinjiang Province in northwest China. The joint-venture tenements contain three principal areas that are prospective for several styles of gold and copper-gold mineralisation.

Sino Gold continues to progress exploration at the Sanjianfang joint venture in Heilongjiang Province in northeast China.

### Shandong

Shandong Province is responsible for around one-quarter of China's annual gold production. Located in the southeast portion of the Precambrian North China Craton, Shandong hosts more than 100 known gold deposits. More than 80% of these lodes are hosted within Mesozoic granitoid rocks or their contacts with Archean basement rocks.

Regional, deep-seated, northeast trending faults controlled the distribution of the Mesozoic granitic intrusions and gold deposition in the area.

In Shandong Province, Sino Gold manages the exploration programs of joint ventures with:

- Shandong Provincial Bureau of Geo-Mineral Exploration & Development, the largest tenement holder in northeast Shandong Province;
- MMI Zhengyuan Exploration group, a dominant tenement holder in the Jiaodong goldfields region of Shandong Province; and
- Zhaoyuan Hexi Gold Limited ("Hexi Gold"), a local Chinese mining company.

The Hexi Gold joint venture was formed during 2006 and provides Sino Gold with a further foothold in China's major gold district in Shandong Province.

The Hexi Gold joint-venture tenements cover the northern portion of the Jiaojia Fault, which hosts a number of significant deposits each containing more than one million ounces of gold. The tenements also cover substantial portions of parallel secondary faults which are also known to contain significant gold mineralisation.



Geologists Jackie Luo and Chen Maohong



Jinfeng open pit

rising gold star

## Exploration Outlook

Sino Gold has the largest gold exploration program in China with approximately 90,000 metres of diamond drilling completed during 2006.

Exploration expenditure totalled US\$12.4 million for 2006 and similar expenditure is planned for 2007.

Sino Gold has the people, partners and funding in place to rapidly assess our growing exploration portfolio as well as evaluating further acquisitions.

### LOCATION OF SHANGDONG PROJECTS

