White Mountain Project

Jilin Province, China

Report Prepared for

Sino Gold Mining Limited

Report Prepared by

SRK Consulting
Engineers and Scientists

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Disclaimer

The opinions expressed in this report have been based on the information supplied to SRK Consulting (Australasia) Pty Ltd (“SRK”) by Sino Gold Mining Limited (“Sino”). The opinions in this report are provided in response to a specific request from Sino to do so. SRK has exercised all due care in reviewing the supplied information. Whilst SRK has compared key supplied data with expected values, the accuracy of the results and conclusions from the review are entirely reliant on the accuracy and completeness of the supplied data. SRK does not accept responsibility for any errors or omissions in the supplied information and does not accept any consequential liability arising from commercial decisions or actions resulting from them.

Summary

The White Mountain project, located in Jilin Province, is owned 95% by Sino and is an advanced development project which is hosted by a regional, north-eastern trending fault breccia. In January 2007 Sino announced a Mineral Resource of 7.7 million tonnes at 3.4g/t Au (containing 846,000 ounces of gold), based on surface trenching, one adit with two crosscuts and 50,555m of diamond core drilling. The Mineral Resource estimate was completed in compliance with the JORC Code. The Board of Sino announced their commitment to the project on 6 August 2007. Mobilisation and site preparation is in progress with site construction is to commence once the Provincial Project Permit is received.

1 Introduction and Terms of Reference

This report has been prepared for Sino Gold Mining Limited ("Sino" or "the Company"). The purpose of this report is to provide an Independent Technical Report to comply with the requirements on the Ontario Securities Commission, in particular National Instrument 43-101 ("NI43-101"). The sources of information for this report include personal inspection of the property by Dr Sun and Mr Kosacz, documents and data provided by Sino, and previous reports by other experts regarding the White Mountain exploration project, all of which are referenced in the Reference section of this report.

2 Reliance of Other Experts

SRK has reviewed and referenced reports by other experts regarding the White Mountain project including AMC Consultants Pty Ltd, Rutherford Mineral Resource Consultants and Sustainability Pty Ltd. References are provided in Section 20 of this report.

For Resource and Reserve estimates, SRK has relied upon the Competent Person. Details of the Competent Person's are provided below.

• **Mr Phillip Uttley**, who is Sino's Chief Geologist, takes responsibility for the information in this report which relates to the Mineral Resource estimate. He is a Fellow of The Australasian Institute of Mining and Metallurgy ("The AusIMM") and has over 25 years relevant experience in exploration and evaluation of gold deposits, including the estimation of resources in structurally controlled gold deposits and replacement-style gold deposits.

• **Dr John Chen**, who is Sino's Manager – Mining Technical Services, takes responsibility for the information relating to the Ore Reserve estimate. He is a mining engineer with over 20 years experience in the mining industry and is a Member of the AusIMM.

The SRK experts who contributed to this report are shown in Table 2-1.

Table 2-1: SRK Expert Team

Name and Qualification	Technical Discipline
John Chapman, B.Sc. (Chemical Eng), M.Sc. (Eng)	Environmental Engineering and Permitting
Daniel Guibal, Ingenieur Civil des Mines (Mining Engineer), MSc (Mathematics and Geostatistics)	Geostatistics, Resource Estimation
Kevin Holley, BSc (Geotech Eng) (Honours), MSc	Geotechnical Engineering
Keith Leather, B Metallurgy	Metallurgy and processing
Richard Kosacz, MSc (Mining Geology & Eng)	Geology, QA/QC,
Robin Simpson, BSc (Geology) (Hons), MSc	Geology, Geostatistics, Resource Estimation
Mike Warren, BSc (Mining Eng), MBA	Mining Engineering

3 Property Description and Location

3.1 Location

The White Mountain Project (formerly Banmiaozi gold prospect) is located in Jilin Province (Figure 3-1 and Figure 3-2), approximately 8km from the City of Baishan and 230km south-east of the provincial capital, Changchun. Baishan can be accessed by sealed road from Changchun. Driving time is approximately 4 hours one way.

Figure 3-1: Location of the White Mountain Project, Jilin Province

Figure 3-2: Site location and connecting infrastructure

The White Mountain Project is owned by the White Mountain CJV, a CJV in which Sino has a 95% interest, through its wholly-owned subsidiary Sino Gold Jilin BMZ Mining Limited, with the remainder held by Tonghua, the CJV partner.

3.2 Exploration License Details

The Land and Resources Bureau of Shandong Province issued the White Mountain CJV with Exploration Licenses as shown in the following table.

Table 3-1: Exploration license details - White Mountain

License Number	Area (km^2)	Date Issued	Date for Renewal
0100000630063	62.16	12 May 2006	26 April 2008
2200000610851	24.78	13 November 2006	31 December 2007
2200000610849	17.55	13 November 2006	31 December 2007

The co-ordinates of the tenement boundary have been surveyed.

The tenement boundary and location of the White Mountain deposit is shown in Figure 3-3.

The White Mountain project has negotiated to pay a "resource compensation fee" to the Provincial government at the rate of 2.8% of sales revenue.

The White Mountain project will pay taxation at the rate of 25% on all taxable income.

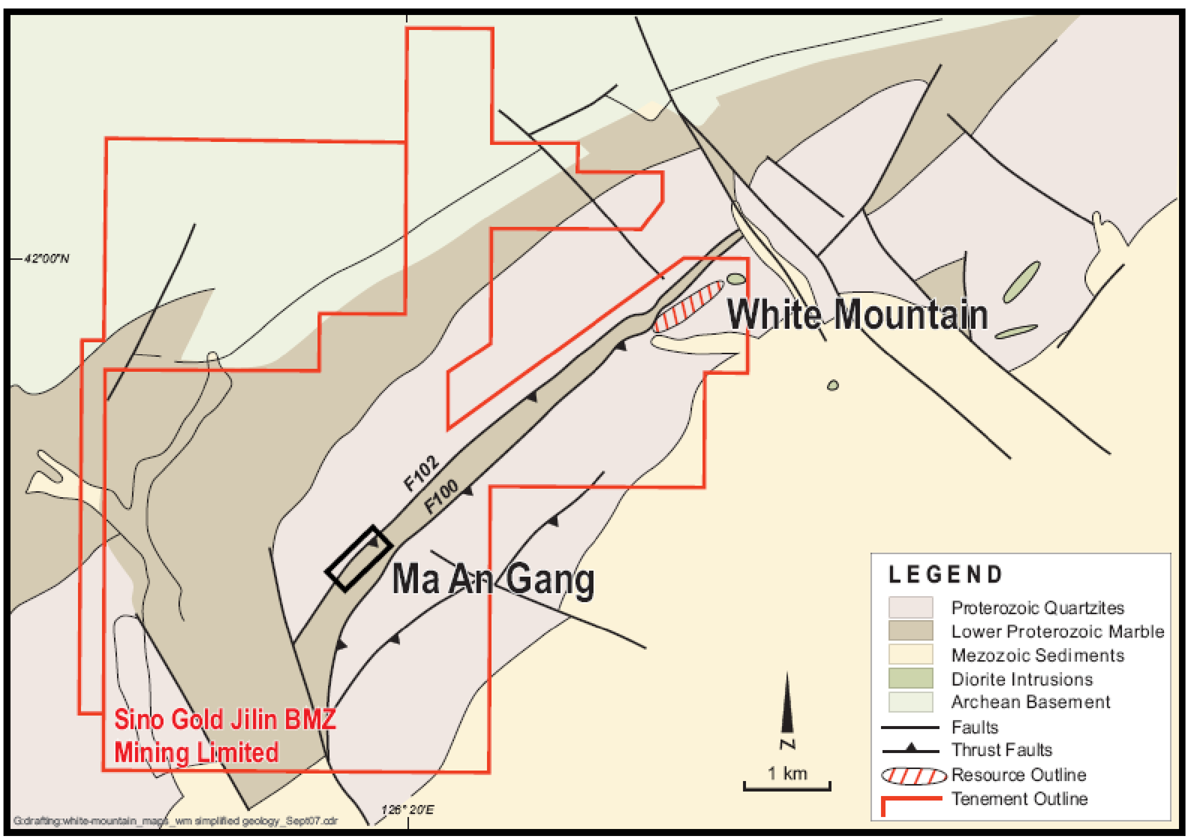


Figure 3-3: Location of two exploration lease boundaries

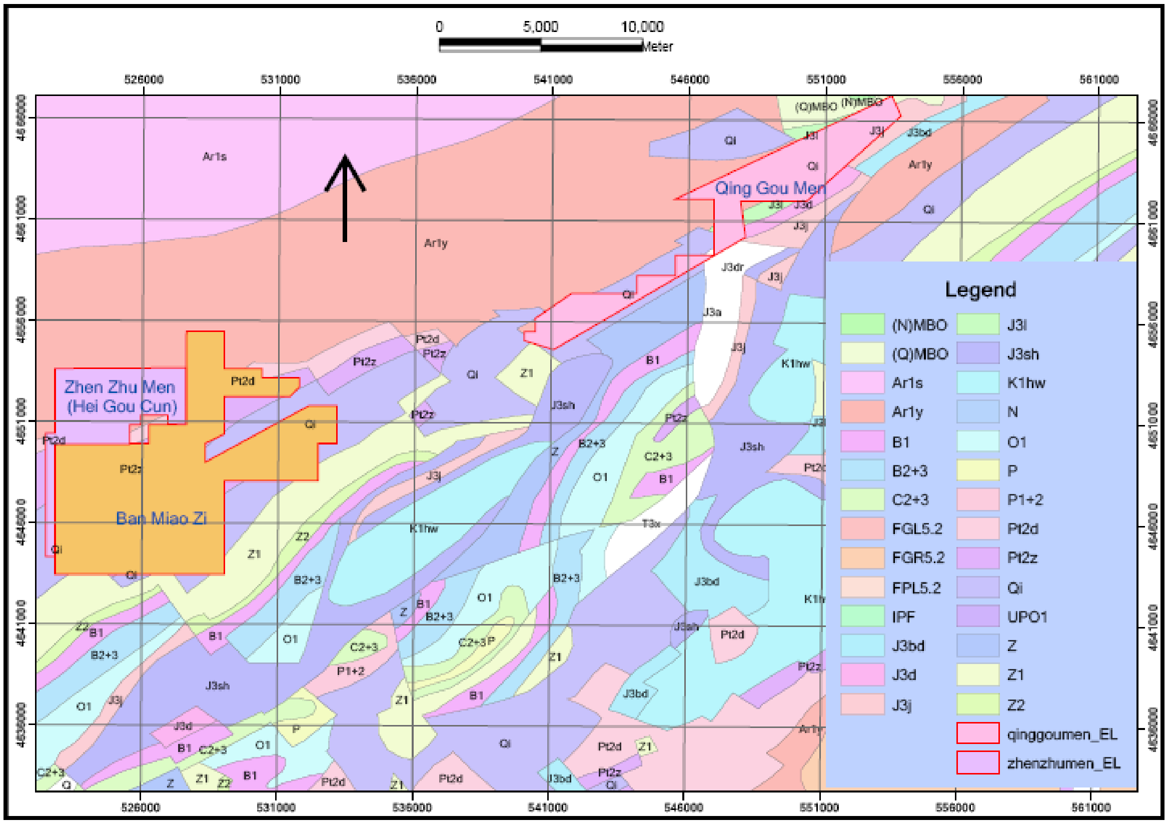


Figure 3-4: Location of all three exploration lease boundaries

The proposed general layout for the development of the site is shown in Figure 3-5.

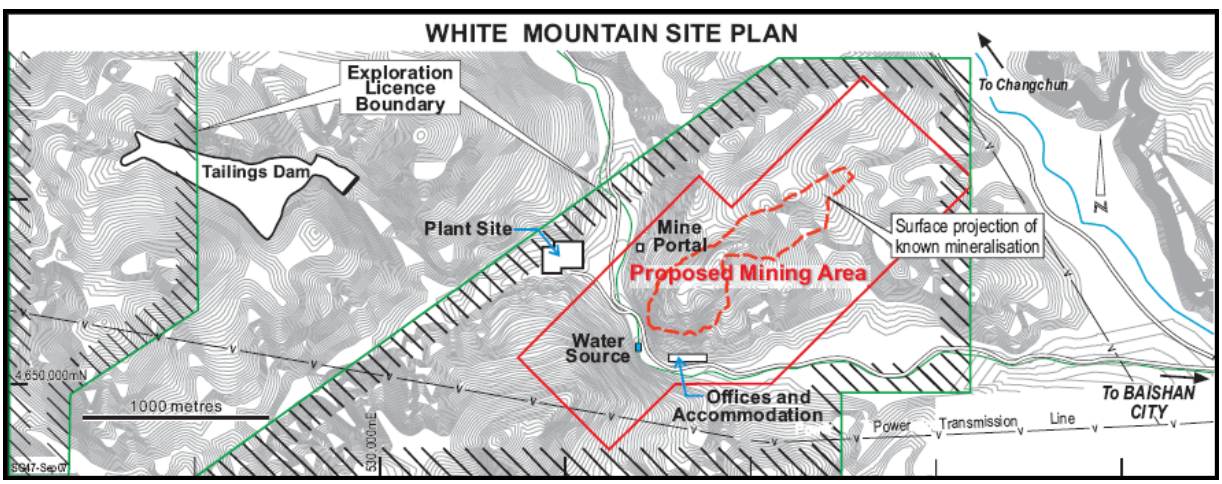


Figure 3-5: White Mountain site plan

The red line in Figure 3-5 is the boundary of the mining permit application area. It is fully within the exploration permit boundary shown in Figure 3-3.

3.3 Environmental Requirements and Liabilities

SRK environmental staff has not visited the site. It is therefore not possible to comment specifically on the environmental liability currently associated with the site. Nonetheless, as an advanced exploration site, surface disturbances likely include drill pads, exploration trenches and exploratory adits and the associated development waste rock. As such, environmental disturbances are likely small and the current overall environmental liability is likely limited.

The ore contains sulphide mineralisation including pyrite, marcasite, chalcopyrite and galena which may be potential sources of acid and metals. The abundance of neutralising minerals is uncertain. A review of the project feasibility study and environmental baseline reports indicated that potential environmental risks and liabilities may be associated with the proposed project as follows.

It is not apparent from the documentation that the geochemical properties for the tailings have been determined and the potential impacts on receiving water quality is uncertain at present. Mine Tailings management and disposal in the mountainous terrain may pose a significant challenge. The proposed pressure filtration of tailings and strategies for disposal of tailings filter cake are considered to be in accordance with sustainable management of mine tailings. This will allow the opportunity for progressive rehabilitation of the dry stack tailings during the operation which could limit the potential for dusting and minimise the potential for seepage and run off water.

The mine waste rock properties also do not appear to have been characterized as yet and management may prove to be difficult if the waste is shown to have a potential to leach metals or generate acid. Exposed wall rocks and backfill may also represent a potential source of environmental impacts during and after operations. SRK therefore sees protection of groundwater and surface water resources during the development and operation of the project as another potential significant challenge. The potential impacts however can be managed through advanced planning and engineering to maximise water recycle, minimise waste and wall rock exposure to infiltrating water, and isolating reactive waste. Post operation water management during re-flooding of the underground workings may however require water treatment depending on the reactivity and exposure of the mineralized zones.

The consideration of noise, dust and blast vibration impacts on surrounding land users and residents may influence the determination of land use requirements for the project. The establishment of an effective non-residential buffer surrounding the project will assist in minimising potential conflicts with neighbours in relation to noise, vibration and dust emissions

3.4 Other permits

On 16 August 2006 Baishan City ICA Bureau issued Sino Gold Jilin BMZ Mining Limited with a Business License to cover the scope of “gold mine exploration and development”. The business license was issued on 14 November 2003 and will remain in force until 13 November 2033.

The following table details other permits or licenses that have been approved for the project up to the end of August 2007.

Table 3-2: Other permits

Permit	Status
Exploration license	Issued
Resource verification	Approved
Occupation Health	Approved
Chinese Feasibility Study	Completed
Geological Hazards	Approved
Water and Soil Conservation	Approved
Safety Assessment	Approved
Environmental Impact Assessment	Approved
Project Approval	Pending
Gold Mining Certificate	Pending
Mining Lease	Pending

4 Accessibility, Climate, Local Resources, Infrastructure and Physiography

Baishan City is located at the west foot of the highest peak of Changbai Mountain with many high mountains and valleys within its border. It is in a region where mountains account for 90%, water accounts for 5% and farmland accounts for 5% of the land area. The White Mountain Project lies in Longgang Mountain to the west of Baishan City. The topography is classified as a low mountain area of the middle and low mountain topography, and is at an elevation of 600m or higher, a relative height of 400m or higher and a gradient of 10° to 15°.

The whole area is high in the northwest and low in the southeast. The project area can be divided into two topographic units: the low mountain area and the valley basin area. According to their origins, the low mountain area can be further divided into two types of topography i.e. erosion structural middle and low mountains and erosion denudation hills. The valley basin area can also be divided into two types of topography i.e. erosion sediment valley basin and sediment valley basin.

4.1 Regional Vegetation

The dominant type of forest vegetation is natural secondary forests, accounting for 68% of the total forest area. The accumulation of living timber is $2861\times10^4 m^3$, accounting for 58.4% of the total forest. Three types of forests are encountered comprising coniferous mixed forests, coniferous and broadleaved mixed forests, and broadleaved mixed forests.

The White Mountain Project area is a middle mountain area at an elevation of 600m or higher. The area is in the vicinity of Baishan City where there are more villages and frequent human production activities. The forest resources in this area have significantly been impacted by large-scale felling many times in its history, and have evolved from coniferous and broadleaved mixed forests represented by Korean pine into broadleaved mixed forests. Most of the remaining forests are secondary forests and felled areas. Virgin forests no longer exist in the area. From the viewpoint of forest structure, the forest vegetation in the area includes primarily poplar-birch forests, oak forests and dwarf forests. The area of forest vegetation accounts for 81.4% of the total study area. Farmland in the area accounts for 18.4% of the total area.

4.2 Access

The White Mountain project area is located 8km from the city of Baishan and 2km from the Class-1 highway connecting Baishan and Changchun; a concrete road connects the mine to the highway. Baishan is 260km from Changchun with both railway and freeway connections between them. Flights to many domestic and international cities are available from Changchun Longjia International Airport.

4.3 Climate

The Baishan area is in the North Temperate Climate Zone and experiences a continental climate with a coastal influence from the Sea of Japan. The freezing period is from October to April during which the ground is frozen to a depth of 1.4m. The average annual temperature range in the region is -3°C to 7°C and the average annual precipitation range is 350 to 1000mm. Precipitation occurs mostly in summer and more than 60% of the total precipitation falls during the period June to August.

The nearest centre to the White Mountain project where weather records exist is Baishan City. The extreme maximum temperature on record is 36.2°C and the extreme lowest temperature is -35.1°C. The average temperature in the city is 20.7°C in summer and minus 9.9°C in winter.

According to the statistics for 33 years, the average precipitation is 883.4mm, the maximum annual precipitation is up to 1238.4mm (in 1960) and the minimum annual precipitation is 643.7mm (in 1970). Precipitation in summer (June to August) is higher and more concentrated with more continuous rainy days, up to 21 days and accounting for 61% of the total annual precipitation.

The White Mountain project will operate all year, with no seasonal interruptions.

4.4 Infrastructure

4.4.1 Power Supply

The Jiangbei Electrical Substation of 66kV is situated 4km away from the mine, from where a 66kV overhead power line can be connected to the mine with LGJ – 95 cables. A step-down substation will be built near the process plant. One SZ10-6300/66kVA transformer at the ratio of 66/10.5 kV is to be installed outdoors while the 10kV switchboard is to be installed indoors.

To secure safe production, a diesel generator set will be connected near the main step-down substation with the capacity of 800kW, and a transformer of SM9-1000/10 10.5/0.4kV 1000kVA will be mounted. It will be connected to a 10kV bus line after boosting and will be used as the protection power for the primary load.

4.4.2 Water Supply

The White Mountain project's water supply and demand is summarised in the table below.

Table 4-1: White Mountain Project water supply and demand

Item	Quantity
Quantity of Water Supply:	9,392 m^3/d
Total water consumption:	
Fresh water required	1,755 m^3/d
Tailings return water	7,608 m^3/d
Process plant re-circulating water	28 m^3/d

There is an abundance of surface water in the mine area. There is no large river in the area but the two branches of the Huihe River called Diaoshuihe and Dabanshigouhe run through the area from northwest to southeast where they enter the Huijiang River. The flows are perennial and the flow rate is 1,000 – 4,000m^3/d. The alternative water supply is from Huijiang River and flows range from 8,000 – 20,000m^3/d in this river. The Diaoshuihe water source will be used for the White Mountain project. A water supply pipeline will be buried as required to provide protection against freezing in winter.

4.4.3 Labour

There is a large labour pool in the area and both mechanical and electrical maintenance can be provided locally.

4.4.4 Roads

The total haulage along the mine access road is expected to be 303,000 tonnes per annum (tpa), of which the haulage into the mine is forecast at 302,000tpa and that out of the mine is 1,000tpa.

The access roads to the ore processing area and the tailing storage area need to be upgraded. They will be paved with local materials and earth with a road base width of 6.0m and a surface width of 4.0m. The minimum turning radius will be 30m. About 1.5km of roads will be upgraded.

The road in the process plant and the administration and living area is paved with concrete with a road base width of is 5.5m and a surface width of 4.0m. The thickness of the concrete is 220mm and the whole length of the roads is 1.0km. This road is degrading rapidly due to heavy traffic. While no major repairs are provided for in the capital cost estimate, provision will be made in the sustaining capital forecast to upgrade this road.

The access roads to the explosive magazine, the tailings storage and the pressure filtration station are all one-way lanes paved with local materials and earth with a base width of 5.0m and a surface width of 3.5m. The total length of the roads is 3.5km.

4.4.5 Tailings Storage Facility

Sino appointed Golder Associates Consulting Limited to prepare conceptual designs for the tailings storage facility and to assist with evaluating storage options. The Changchung Gold Design Institute (CGDI) was appointed to prepare Basic Engineering and Detailed Design drawings for the project. Three candidate tailings storage sites were identified. The sites were evaluated with respect to potential hazard, operational safety, proximity to the plant, cost of construction and operation, and environmental compliance issues, and after consideration by Sino, the Zhengjiagou creek site was selected.

4.4.6 Processing plant site

The site selected for construction of the proposed plant construction is shown above in Figure 3-5. Sino believes there is sufficient and suitable land available at the location for the plant and all associated infrastructure and access requirements.

5 History

At the end of June 2003, Sino entered the initial JV agreement to acquire the initial 80% interest in the JV at a cost of US$0.84M payable over three years with an exploration commitment of up to US$0.8M over the same period. Sino currently has 95% equity in the White Mountain project, which was increased from 80% in July 2006 at a cost of US$0.625M.

Exploration work undertaken by previous tenement holders included surface mapping, rock chip sampling and trenching to test the surface geology and geochemistry. In addition one underground adit (with two cross-cuts through the mineralisation) has been completed which returned encouraging results including 28m at 5.3g/t Au and 13.3m at 5.1g/t Au.

In January 2007, Sino announced a Mineral Resource from White Mountain as shown in Table 5-1.

Table 5-1: White Mountain Resource (January 2007) estimated using a 1.0g/t Au cut-off

Category	Tonnes ('000)	Gold Grade (g/t)	Contained Gold ('000 oz)
Measured	2,594	3.6	304
Indicated	2,288	3.5	258
Subtotal of Measured and Indicated	**4,882**	**3.6**	**562**
Inferred	2,861	3.1	284

The Resource estimate is based on analyses of 191 diamond drill holes, totalling 50,555m, as well as channel sampling from two underground adits and surface trenches. Estimation was completed using Ordinary Kriging of the mineralised domain within the F100 and F102 fault breccias. The above Mineral Resource estimate was prepared in compliance with the JORC Code.

6 Geological Setting

The White Mountain project is located on a regional north-east striking fault zone that can be traced for 10km and hosts gold mineralisation over at least 6km. The fault zone is part of a series of parallel thrust faults at the margin of a Proterozoic craton in Jilin province. The northwestern boundary of the thrust fault complex is approximately 5 km to the north-west of the White Mountain project. The thrust faults separate the Proterozoic craton from a sequence of Phanerozoic (Cambrian – Cretaceous) sedimentary rocks which host the mineralisation at White Mountain.

7 Deposit Types

The White Mountain deposit is hosted by a silica-rich breccia within a 40° to 45° south-east dipping regional fault (locally named the F100). The F100 occurs near the contact of Proterozoic quartzite and marl dominated sequences. The higher gold grades are hosted by breccia within the F100 fault, however not all of the breccias are strongly mineralised or have the same thickness of mineralisation.

The F100 is overprinted by a steeply dipping fault (locally named the F102), such that the F100 occurs only in the hanging wall of the F102.

8 Mineralization

8.1 Stages of Mineralisation

There are four stages of mineralisation at White Mountain, all of which are associated with elevated gold grades. Overprinting of the different styles of mineralisation has enabled a chronology of “stages” to be documented. These stages are likely to be related to a single hydrothermal event.

8.2 Controls on Mineralisation

A model of the structural geology and controls on mineralisation has been developed by SRK Consulting (SRK, 2006) using information collected from surface exposures near the adit entrance and from surface trenches with the bulk of information coming from observations of drill core.

As part of the structural model, detail of the F100 fault, the F102 fault and structure of the adit has been investigated. It is expected that the interpretation will be improved by more detailed drilling which was on-going at the time of writing this report.

The controls on mineralisation are:

- Reactivation of the F100 and F102 during mineralisation has a primary control on the distribution of gold
- The F100 has been compartmentalised by a number of steeply dipping transfer faults which are interpreted to localise high-grade gold zones.
- Mineralisation on the F102 may be a result of the intersection between the F102 and the F100 (shallowly north-east plunging), or may have a similar control to that of the F100 (compartmentalised by transfer faults).

The controls on mineralisation result in the formation of a number of discrete south-plunging shoots within the plane of the breccia of the F100. These shoots are characterised by thicker zones of breccia-hosted mineralisation and higher gold grades within the thicker shoots. Although the deposit is hosted by brittle, structures which can be unpredictable in extent and thickness, the shoots in the F100 and F102 are likely be predictable.

8.3 Extent of White Mountain mineralisation

SRK has reviewed the sections and drill results provided by Sino and discussed with Sino the extent of currently known mineralisation at the White Mountain deposit. In September 2007 the known mineralisation at White Mountain extended over 1400m horizontally, the depth extent ranged from 100m down dip to 600m down dip, i.e. in the plane of the F100 and intersecting F102 faults and the average thickness was in the range of 10m to 12m.

Mineralisation at White Mountain is contained within a major north-east trending regional fault zone dipping approximately 45° to 50° to the southeast. Gold mineralisation is associated with silica, pyrite and barite in a silicified breccia in the fault zone that overprints an iron-rich unconformity between a hanging wall quartzite and a foot wall silicified dolomite or marl.

Geological continuity is well demonstrated by the extent of the main controlling F100 fault and its intersection with the F102 fault.

Gold mineralisation at White Mountain remains open along strike to the northeast and at depth.

9 Exploration

Exploration at the White Mountain project has been carried out by Sino Gold Jilin BMZ Mining Limited, a wholly owned subsidiary of Sino. Since the JV was established, Sino has completed a number of additional surface trenches, re-mapped and re-sampled the adits and completed 168 diamond drill holes.

Winter weather at White Mountain limits the field exploration activities to between April and October each year.

9.1 Geophysical Exploration

During 2007, several ground geophysical resistivity (IP) lines over the north-east extension of the F100 and F102 fault system indicated the mineralised system continued along strike in that direction. This work has provided additional targets for drill testing which were pursued during the 2007 field seasons. An additional IP survey has been completed in an area which is 5km to 7km south-west of the White Mountain deposit. This IP survey focussed on the F100 and F102 faults, at the Ma An Gang prospect. Drill testing of the IP targets, supported by soil geochemical anomalies has commenced.

10 Drilling

More than 50,000 metres of diamond drilling (NQ core 47.6 mm diameter) has been completed at White Mountain to January 2007. The White Mountain resource estimate is in part based on data from 191 diamond drillholes, totalling 50,555m, all drilled by Sino. Drill spacing is generally 40m along strike and in the range of 40m to 60m down dip.

Table 10-1 contains significant intercepts released by Sino in the June 2007 quarterly report. All intervals are down hole thickness and so are not necessarily true thickness. The location of the drill holes is shown in long section in Figure 10-1.

Table 10-1: Significant Intercepts from the White Mountain drilling program to 30 June 2007

Hole No.	Purpose	From (m)	Interval (m)	Grade (g/t Au)
BDDS193	Metallurgical	218	16.5	14.3
BDDS195	Geotechnical	282	54.8	7.4
BDDS196	Northeast extension	322	8.0	4.7
BDDS203	Metallurgical	178	45.2	7.7
BDDS205	Infill	275	55.0	3.1
BDDS210	Infill	231	13.0	28.4
BDDS213	Infill	164	20.5	7.9
BDDS214	Infill	327	2.0	12.2
BDDS215	Infill	238	15.0	7.8
BDDS217	Infill	158	8.0	32.8
BDDS219	Infill	153	15.0	4.0
BDDS221	Northeast extension	361	34.1	1.7

Note: All intercepts are downhole intervals and based on 1.0g/t gold cut-off grade.

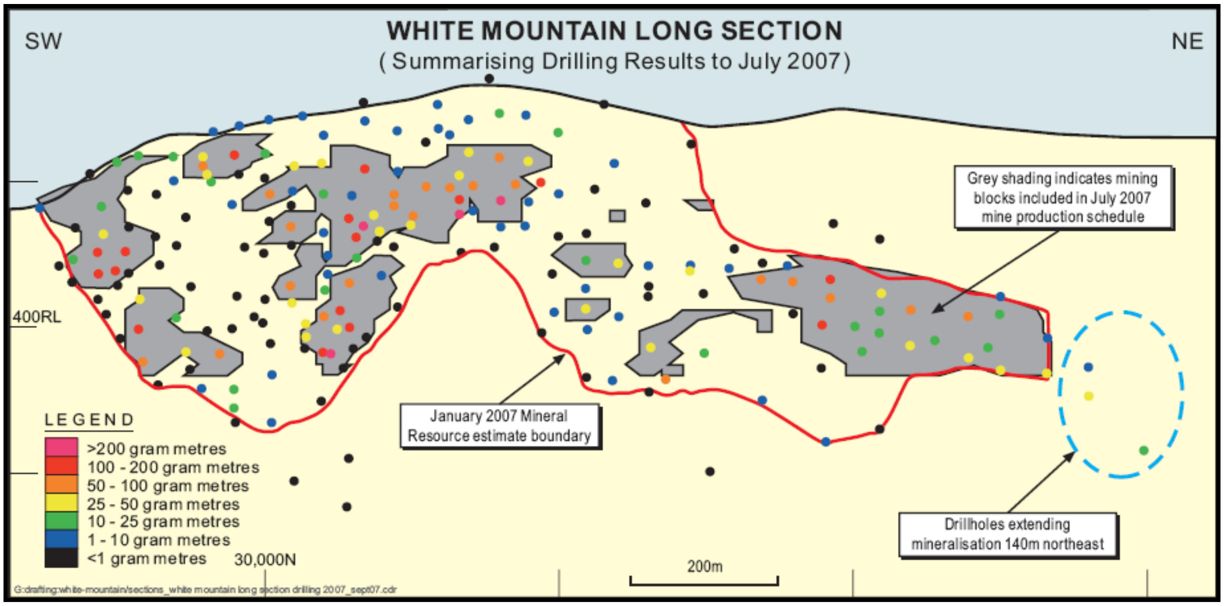


Figure 10-1: Long Section showing selected drill results to July 2007

11 Sampling Method and Approach

SRK visited two drilling sites at the White Mountain gold project but had no opportunity to observe drilling core recovery.

The mostly NQ diameter core is recovered from the inner tube and placed into plastic core boxes marked with hole ID, successive number and depth interval. The boxes then are transported to White Mountain exploration site and placed in rows on the ground for logging purpose. In the case of bad weather core boxes are put under the roof.

The logging geologists examine the core and collect data regarding physical properties, stratigraphy, lithology, structure and texture of the rocks as well mineralization and alteration of the ore bearing intervals. The data are put on the template logging sheets using White Mountain logging codes then copied to the exploration data base.

The logging geologist also marks sampling intervals on the core. The sample interval is usually 1.0m long within an orebody which has a visible mineralized zone but also an additional four samples overlapping the hanging wall as well as the footwalls of the mineralized zone are collected.

The average recovery of the core is reportedly good at 90% but can vary, from 60% to 70% for samples taken from tectonised or brecciated zones, to 98% for quartzite samples.

After all procedures regarding logging are completed the core boxes with selected sampling intervals are transported to the cutting shack located within the exploration camp.

The logging geologist at the White Mountain site does not define the cutting line on the core. The core cutting position depends on the diamond saw operator. One half is placed into a calico/canvas bag with a sample serial number written on it as well as a sample tag of waterproof paper inserted into the bag. The second half of the core is placed back into the core box with the sample tag of the same number; the sample number is also written with chalk pencil on the box partition.

In the case where core is already broken during drilling, an appointed helper splits the broken core fragments into approximately two equivalent weights.

Once a week bags with cut core are dispatched to the sample preparation facilities of the laboratory which is operated by the Geological Brigade 606 and is situated in Tonghua city about 60 km south-west from the White Mountain site.

After cutting or manual splitting, the core boxes are stored on shelves under a roof. The storage area is secured properly with a fence.

12 Sample Preparation, Analyses and Security

12.1 Sampling Procedures

SRK visited the sample preparation facilities which belong to the Analytical Laboratory of Geological Brigade 606 – Non-Ferrous Metallic and Geological Exploration Bureau of Jilin Province, located at Tonghua. This laboratory holds CMA Chinese Standard Certification.

The preparation procedure for core samples from the White Mountain exploration project can be described as follows;

1. All samples are crushed in a jaw crusher down to 2 mm.
2. All crushed samples are pulverized down to -20 mesh using a roller pulveriser.
3. The 300 g of -20 mesh sample is pulverized to -200 mesh.
4. The -200 mesh samples are poured into kraft bags with appropriate sample number written on it and a sample tag inside. The bags are stapled using a regular stapler pack and prepare for shipment back to the White Mountain exploration camp. The same courier which delivers core samples from the White Mountain site transports the pulps and -20 mesh rejects.
5. The -20 mesh rejects (about 2 kg) are packed into plastic and canvas bags, equipped with sample number written on the bag and sample tag inside then transported back to the White Mountain camp.
6. In the camp two standards and four duplicates are inserted into every batch of 34 samples; additionally two external check samples are dispatched to Australia for fire assay analysis.
7. Not every batch contains 34 samples; the exploration management believes that samples from different holes should not be blended into one batch. Consequently often the batches contain less than 34 samples.
8. The batches are sent to the Xi'an laboratory for assaying by atomic absorption methods
9. The – 20 mesh rejects are stored in plastic boxes and placed on the shelves in a secure room.
10. There are not coarse rejects available for reexamination.

In SRK's opinion the preparation facilities of the Tonghua laboratory do not currently meet international standards for this type of laboratory. The laboratory has inadequate equipment as well as problematic procedures. SRK believes that Sino should consider advising the laboratory management to update the sample preparation facility or to find an alternative laboratory.

The SRK opinion is that several issues should be taken under consideration to improve the adequacy of sampling and sample preparation as well as to assure complete security of the accuracy of the assayed samples.

A principal rule in exploration, especially for precious metals, is that the field sample (half core) should be shipped directly to an independent laboratory for sample preparation and assaying. In the case of the White Mountain gold project, unsealed pulps prepared in the Tonghua laboratory are returned to the exploration camp where standards and duplicates are inserted into batches and then shipped to the assaying laboratory. Such procedure can be regarded as inadequate for assuring the security of the field samples.

To assure a proper QA / QC protocol, every batch of field samples should be equipped with:

1. A field duplicate – which is as a rule quarter of core not coarse reject or pulp
2. A field blank – which is normally the same hosting mineralization rock but devoid of utility element (barren of gold)
3. A standard – a random standard in every batch
4. A laboratory duplicate – coarse reject
5. A pulp duplicate

Three first insertions of a duplicate, standard or blank should be made at the exploration site without the knowledge of laboratory personnel; the laboratory and pulp duplicates should be chosen in the laboratory for internal quality control. Additionally exploration management should periodically send returned pulps to an independent external laboratory for check assays. Sino is following some but not all of these procedures.

12.2 Sample Quality Audits & Checks

12.2.1 Xi'an Laboratory Performance on Certified Standards

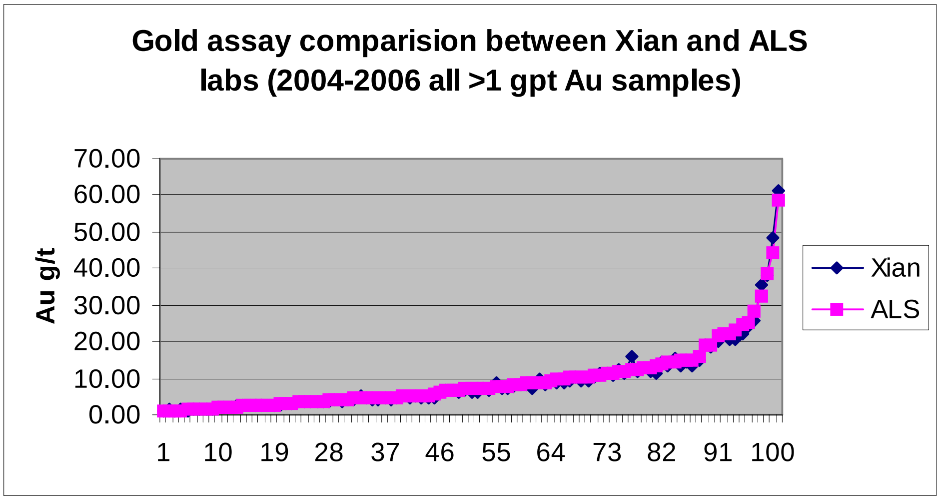
In 2006, Rutherford Mineral Resource Consultants reviewed and reported to Sino regarding the Xi'an laboratory used for White Mountain resource analyses. The review assessed the reliability of the Xi'an laboratory for servicing the ongoing analytical requirements related to resource and reserve drilling phases of the White Mountain project. The use of higher quality certified reference standards enabled a more rigorous assessment of precision and accuracy at the Xi'an laboratory. Overall the Xi'an performance appears somewhat erratic. It shows poor accuracy and moderate precision in many determinations against the Ore Research standards and needs to improve its performance in these areas. There is also a need to improve the Xi'an laboratory reporting procedures to ensure that all QA/QC data is supplied to Sino. Variations in duplicate data are most pronounced in the 10ppm to 16ppm range and these samples need to be assessed as to the cause. Comparison of ALS determined Au fire assay values and those done by aqua regia at Xi'an give consistent results despite the erratic values returned for the standards by Xi'an.

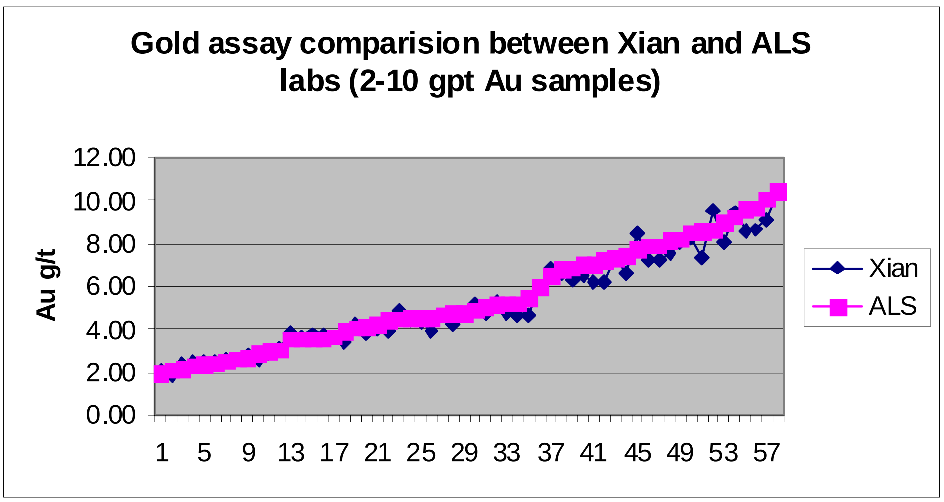
12.2.2 Comparison of Xian and ALS Laboratories on White Mountain Samples

A comparison of analysis results from the Chinese Xian and Australian ALS Laboratories on White Mountain samples collected from 2004 to 2006 show the Xi'an laboratory's results to be slightly lower overall and would produce a slightly conservative resource estimate.

Several potential risks in sample preparation were identified from the Xi'an (aqua Regia and AAS) and ALS (fire assay) data. The laboratories used different methods to assay gold contents but the results from the two laboratories on the same samples are comparable.

Given the nature of the ores, the difference between the two laboratories is not unexpected. Some of the gold in the White Mountain ores is included in very fine quartz grains and ultra fine pyrite. It is most likely that some of these gold particles may not be fully digested in the aqua regia AAS method applied by Xian, while the fire assay method applied by ALS is known as a better method to assay the "full" amount of gold. However, it should be noted that metallurgy tests show that the gold recovery is between 85% (non-refractory "oxide" ores) and 60% (refractory "sulphide" ores).





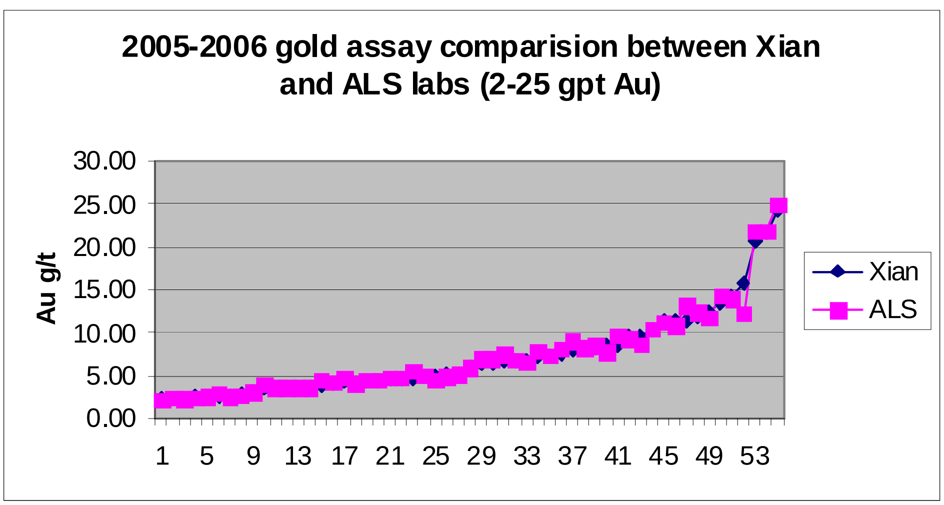


Figure 12-1 Gold Check Assay Comparisons

13 Data Verification

At the request of Sino, SRK conducted a check sampling program at White Mountain but the assay results have yet to be returned from the assay laboratories. Until those assay results are available SRK is unable to provide any comment on that data verification program.

Sino uses standards, blanks and check samples, field duplicates and check assay laboratories as quality control tools to ensure that the assay database is verifiable and consistent. As shown in Figure 12-1, there is a good correlation between the assay results from the Xi'an and Australian ALS laboratories.

14 Adjacent Properties

Brigade 602 is conducting gold exploration approximately 2km NE of the White Mountain project.

15 Mineral Processing and Metallurgical Testing

15.1 Gold Occurrence and Metallurgy

The metallurgy work completed to date on the gold association at White Mountain indicates the bulk of the gold is very fine grained and associated with pyrite and marcasite with small amounts of chalcopyrite, sphalerite and galena in quartz, and associated with quartz + sericite alteration. Barite overprints the silicification and is commonly observed to be late (observed readily in the core). Limonite and other iron-oxides overprint the barite and may be related to fracture oxidation (from surface).

Initial metallurgical testing has returned encouraging results for most of the different styles of mineralisation hosted by the F100 fault.

Metallurgical testing has identified two metallurgical ore types, refractory and non-refractory. Recoveries are nominally 84% for the non-refractory ore and 65% for the refractory ore. The production schedule is based on 23% of the ore being refractory. More recent geological modelling indicates that as little as 9% of the ore may be refractory.

The proposed processing flowsheet is shown in Figure 15-1.

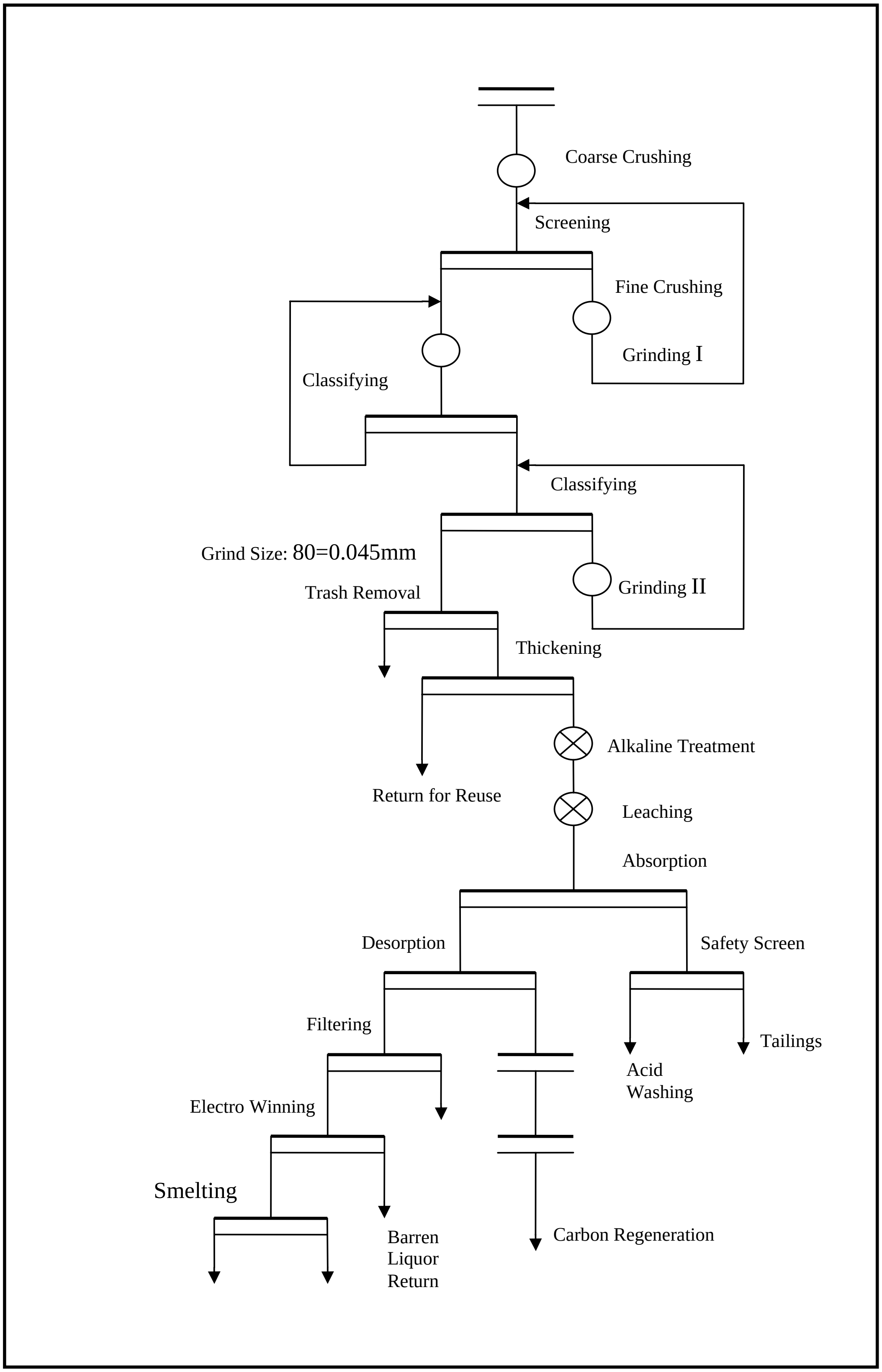


Figure 15-1: Proposed processing flowsheet

16 Mineral Resource and Mineral Reserve Estimates

16.1 Mineral Resource Estimate

In January 2007, Sino announced a Mineral Resource estimate for White Mountain which complied with the JORC Code. The Mineral Resource estimate is as shown in Table 16-1.

Table 16-1: White Mountain Mineral Resource, as at January 2007 (1)

Category	Tonnes ('000)	Gold Grade (g/t)	Contained Gold ('000 oz)
Measured	2,594	3.6	304
Indicated	2,288	3.5	258
Subtotal of Measured and Indicated	**4,882**	**3.6**	**562**
Inferred	2,861	3.1	284

(1) estimated using a 1.0g/t Au cut-off

The Resource estimate is based on analyses of 191 diamond drill holes, totalling 50,555m, as well as channel sampling from two underground adits and surface trenches. Estimation was done using Ordinary Kriging of the mineralised domain within the F100 and F102 fault breccias.

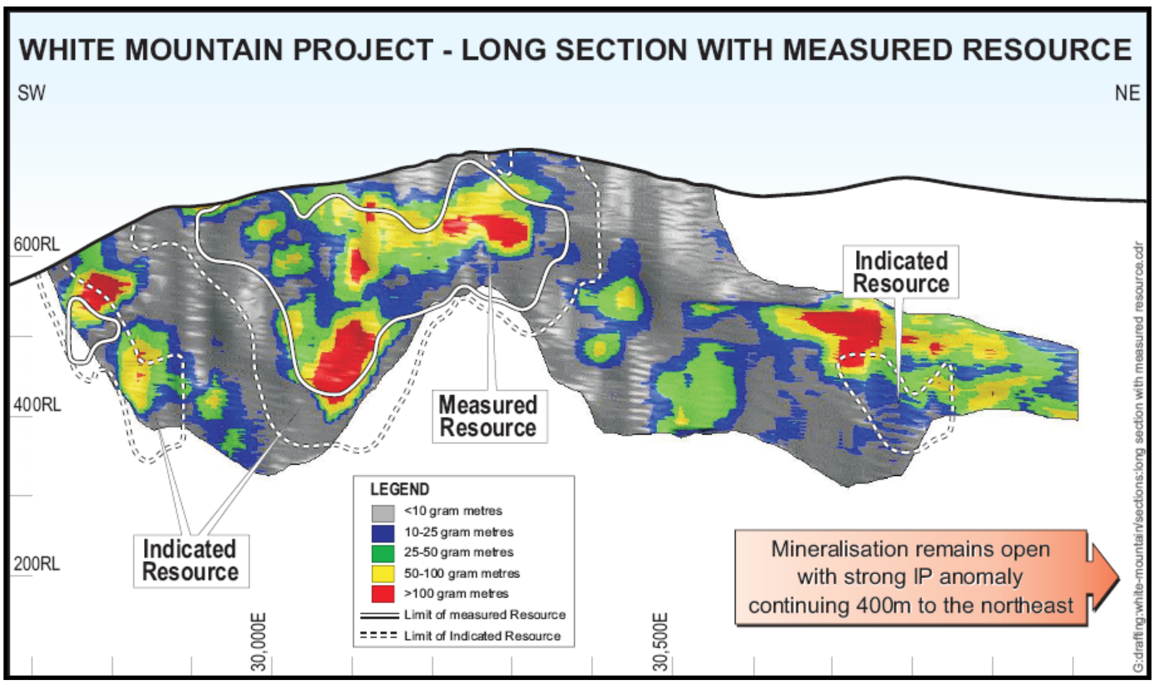


Figure 16-1: Long section through the White Mountain deposit

Showing the location of high grade x width within the F100 and F102 shoots

Sino stated on 6 August 2007 that "Significant potential remains to increase this resource, particularly to the northeast and at depth. A substantial drilling program is in progress with nine drill rigs currently at site." SRK agrees that the White Mountain project has significant potential to increase resources and that Sino's proposed drill program is appropriate to test that potential.

16.1.1 Summary of Block Model Preparation

Geological model mineralised outlines were initially derived for individual drill / trench / adit cross-sections on 20m cross sections. The outlines were defined by gold grade and logged geological attributes from each drill hole and digitised on-screen using the Surpac software package and 'snapped' to data intervals on the respective drill holes. A nominal 1 g/t cut-off grade was used as the boundary for the mineralised outlines.

Logged cavity intervals were appended to the database assay table and assigned a value of –99 so that they would not be used in the estimation process. The total drilled length of the cavity intervals within the mineralised zone was compared against the total drilled length of the sampled intervals within the mineralised zone to arrive at a percentage which was used to adjust the final resource ore tonnage.

Sum of cavity drill intervals inside ore zone	64.85m	2.56%
Sum of the sample drill intervals inside the ore zone	2468.05m	97.44%
Total	2532.90m	100.00%

The block modelling was undertaken using the mine grid co-ordinates which were established over the deposit at 45° to the regional grid. Variogram models were completed by SRK using the one metre composites for the North & South domains, as an independent check. Ordinary kriging was used to interpolate the gold grades into the blocks.

16.2 Mining Methods

The mining methods selected for White Mountain and the proposed stope dimensions are:

1. Cut-And-Fill stopes: 5m x 5m, minimum mining width of 2.5m
2. Bench stopes: width range from 2.5 to 15m, Dip>=45 degrees, Sublevel interval = 15m, minimum sill width=4m, and 2m x2m x 2m recess for remote mucking at 50m interval along strike
3. Sub-Level Open Stopes: Dip>=50 degrees, Length = 20m, Width <=~25m, Sublevel= 30m, stope height=30, 60 or 90m

Mine planning has taken consideration of mine design, proposed mining methods, dilution and ore losses. Three mining methods have been selected to minimise ore loss and dilution in those locations and to maximise ore recovery and grade while maintaining stable stopes.

16.3 Ore Reserves Estimate

After consideration of the selected mining method, ore dilution, ore losses and other parameters, Sino announced an ore reserve estimate on 22 March 2007. The initial White Mountain Ore Reserve estimate totals 3.2 million tonnes at 4.2g/t gold, containing 434,000 ounces of gold, as shown in Table 16-2.

Table 16-2: White Mountain ore reserve estimate, as at 22 March 2007

Ore Reserve Category	Tonnes (000's)	Grade (g/t Au)	Gold Ounces (000's)
Proved	1,764	4.2	239
Probable	1,440	4.2	195
Total	3,204	4.2	434

Note: Cut-off grades used of between 2.0g/t and 2.3g/t gold.

16.4 Competent Persons

The information relating to the above Mineral Resource estimate has been compiled by Sino's team of geologists led by Dr Yumin Qiu (MAIG) in China and Mr Phillip Uttley (FAusIMM) in Australia.

Mr Ross Corben (MAusIMM) prepared the Mineral Resource estimate using Ordinary Kriging.

Mr Uttley takes responsibility for the content of this Mineral Resource Statement and has over 25 years relevant experience in evaluation of gold deposits. Mr Uttley consents to the inclusion in this report of the information in the form and context in which it appears.

Dr Qiu, Mr Corben and Mr Uttley are full-time employees of Sino Gold Mining Limited and are Competent Persons as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code).

An independent review of the geological interpretation was undertaken by Dr Stuart Munro and an independent review of the Mineral Resource estimate was undertaken by Mr Robin Simpson, both of whom at the time were full time employees of SRK Consulting.

Dr John Chen takes responsibility for the information relating to this Ore Reserve estimate. He is a full-time employee of Sino Gold Mining Limited and a Member of The Australasian Institute of Mining and Metallurgy.

Dr Chen is an underground mining engineer, Manager – Mining, Technical Services for Sino Gold Mining Limited, and has more than 15 years experience in the mining industry. Dr Chen has sufficient experience that is relevant to the style of mineralisation under consideration and to the activity that he is undertaking to qualify as Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". He consents to the inclusion in this report of the information in the form and context in which it appears.

17 Other Relevant Data and Information

The preliminary underground mine layout proposed by Sino is shown in Figure 17-1.

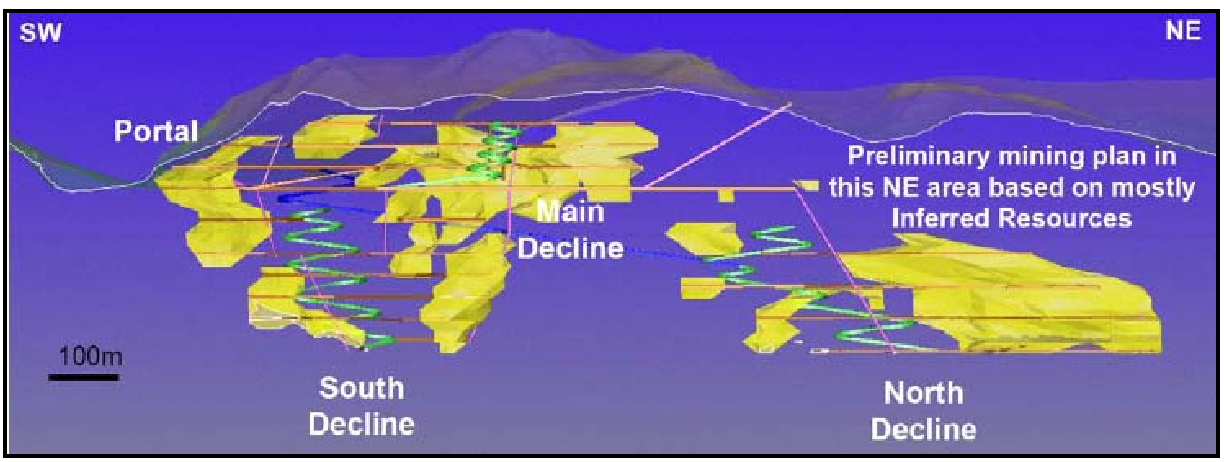


Figure 17-1: White Mountain proposed underground mine layout

The mine production schedule includes mining of some Inferred Resources. Drilling planned to be undertaken during 2007 is aimed at upgrading the category of these resources and ultimately conversion to Ore Reserves. Figure 17-2 below shows the density of drilling in relation to the mine production and the significant potential for further drilling to increase resources, particularly to the northeast and at depth.

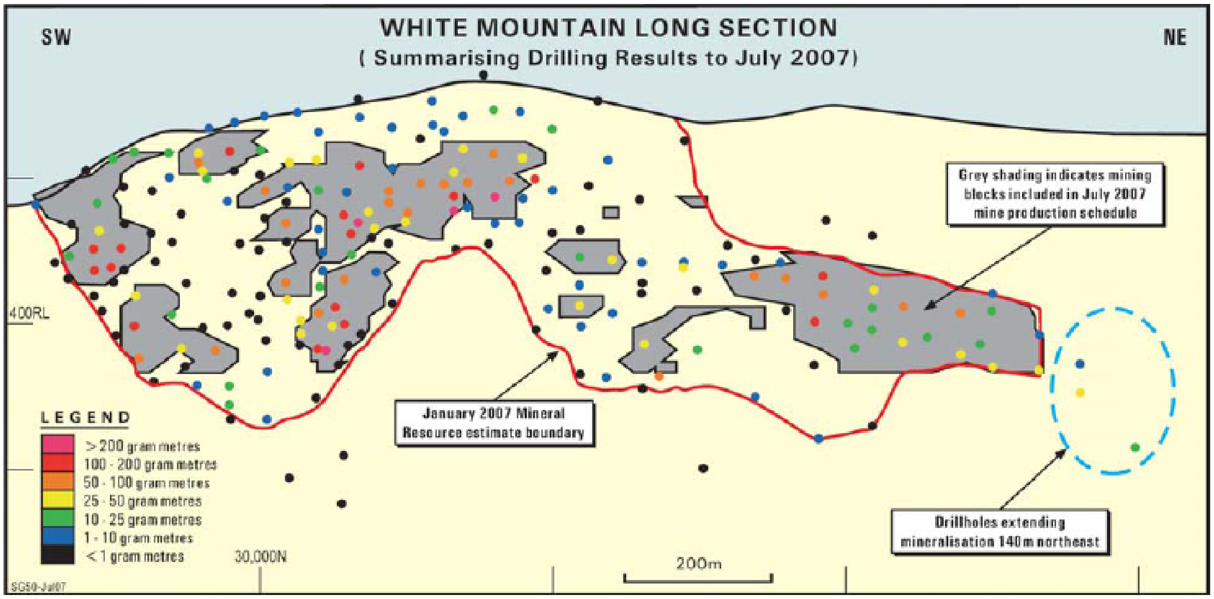


Figure 17-2: White Mountain long section, drill results to July 2007

AMC Consultants has completed a review of likely geotechnical conditions in the White Mountain underground mine and concluded that the rock conditions are quite variable, ranging from massive strong marble to breccias with low strength. AMC Consultants also stated that the low strength material is localised. A range of ground support methods are proposed and several mining methods are being considered.

18 Interpretation and Conclusions

SRK is of the opinion that all relevant information has been interpreted in a reasonable manner by Sino. SRK concludes that the data density and reliability is consistent with the resource classification used by Sino. SRK also concludes that the Mineral Resource and Ore Reserve estimates published by Sino have used methods and procedures that are consistent with the guidelines of the JORC Code.

The White Mountain project met and exceeded the expectation that Sino originally set as objectives for the project. On 6 August 2007, the Board of Directors of Sino approved the development of the White Mountain gold mine. Sino stated in a press release on 6 August that "the Environmental Impact Assessment ("EIA") approval has already been received and the Company is confident that the Provincial Project Permit will be received soon.

Sino advised in a press release on 6 August 2007 that "project development capital costs are estimated to total US$55 million (including contingency). There is potential to reduce this capital cost estimate if contract mining proves to be more competitive than owner mining."

On the basis of the geological evidence and the Resource estimate, SRK is of the opinion that the character of the White Mountain property is of sufficient merit to justify the development program proposed by Sino.

19 Recommendations

In SRK's opinion the preparation facilities of the Tonghua laboratory do not currently meet international standards for this type of laboratory. The laboratory has inadequate equipment as well as problematic procedures. SRK believes that Sino should consider advising the laboratory management to update the sample preparation facility or to find an alternative laboratory.

20 References

1. AMC Consultants, *White Mountain Underground Updated Geotechnical Assessment*, July 2007
2. Rutherford Mineral Resource Consultants, *Review and Audit of CMA Preparation and Analytical Laboratory Tonghua, Jilin Province*, 14 July 2006
3. Rutherford Mineral Resource Consultants, *Review of Certified Reference and Duplicate Sample Data From Xi'an Laboratory*, 15 July 2007
4. Sustainability Pty Ltd, *Environmental Impact Assessment Review of the Baishan BMZ Gold Mine (White Mountain Project)*, July 2007