



Sinovus Mining Limited
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ACTIVITIES REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2011

HIGHLIGHTS

- Successfully raised \$1,184,313 through the fully underwritten Rights Issue
- Completed payment of \$1,000,000 for share subscription in Paltar Petroleum Limited
- Completed issue of 69,720,936 shares to Gushi County Yangshan Coal Mine
- Appointment of Chief Executive Officer
- Qingfeng Granite Project

Successfully raised \$1,184,313 through the fully underwritten 1 for 8 Non-Renounceable Rights Issue

Under the Rights Issue, eligible shareholders were offered 1 new share and/or new option for every 8 shares held by them at the record date. This offer was fully underwritten.

The total number of new shares issued is 59,215,710, and the total number of new options issued is 59,215,710. The issue of new shares and new options under the offer raised \$1,184,313.00, less transaction costs.

The funds raised were applied to existing funds to finalise the rationalisation of our China projects, provide working capital, complete payment for share subscription in Paltar Petroleum Limited, and undertake investigations of additional opportunities to acquire new projects in Australia.

Completed payment of \$1,000,000 for share subscription in Paltar Petroleum Limited

Following the successful completion of the Rights Issue, the company has now completed its subscription for 6,666,667 fully paid ordinary shares in Paltar Petroleum Limited ("Paltar") by the payment of \$1,000,000.

As previously announced, Paltar Petroleum Limited ('Paltar') is an unconventional oil and gas company focused on the acquisition and exploration of large, unconventional oil and gas projects around the world, and particularly exploration permits in the Northern Territory of Australia.

According to the Australian Financial Review on 8 August 2011, Morgan Stanley has signed up as broker and underwriter for the initial public offering of Paltar, which is all set to tap into the growing excitement around shale gas in Australia. The IPO is expected to raise \$25 million for an indicative market capitalisation of about \$130 million.

Morgan Stanley will also help to secure an oil and gas major as a farm-in partner on Paltar tenements in the Beetaloo Basin, Northern Territory. It is worth noting Hess Corporation is in the Beetaloo and has committed to spending up to \$200 million on a drilling program over the next five years.

But for all companies active in this area, the major catalyst will be drilling results from Falcon Oil & Gas's Shenandoah-1 well (next door to the Beetaloo) later this year.

If the Shenandoah well flows as anticipated, sources reckon it will be a game changer for the Northern Territory oil and gas industry. Independent engineering firm Ryder Scott estimates a recoverable potential resource of 17 billion barrels of recoverable oil and 64 TCF of natural gas (for the region).

Completed issue of 69,720,936 shares to Gushi County Yangshan Coal Mine

Following shareholder approval, on 8 July 2011, the Company issued 69,720,936 shares to Gushi County Yangshan Coal Mine to complete its transaction under the Mine Purchase Agreement.

Appointment of Chief Executive Officer

On 21 July 2011, we announced the appointment of Mr Stephen Wee as Chief Executive Officer. Years of doing business in China has equipped Mr Wee with the experience needed to face the challenges in a uniquely different and rapidly changing environment. Mr Wee does not just speak Chinese; he has developed a deeper and more sophisticated understanding of contemporary China, by being there on the ground, meeting people and building relationships. In China, not much of importance happened without the involvement in some way of the Government and the Party. Mr Wee has carefully cultivated close ties to government and party officials.

Qingfeng Granite Project

The Company announced on 14 October 2011, that it had agreed to acquire a 35 % interest in the Qingfeng Granite Project. By way of clarification, it is in the opinion of the Board that the Qingfeng Granite Project is capable of generating cashflow as it is an early stage business, quarrying granite. The company has not yet satisfied itself as to whether there is a resource to JORC standard. This acquisition was based on our initial evaluation through discussions and negotiations with Gushi Ruituo Mining Limited. We are now in discussions with potential joint venture partners who are expected to commence due diligence of the Qingfeng property as soon as possible.

Exploration and Mining Activities

The Company had no exploration, mining, production and development expenditure incurred during the quarter. The location and beneficial ownership interests in mining tenements held are as previously announced.

Outlook

We have witnessed the downgrading of US sovereign debt status on 5 August 2011, and the biggest sell-off in stock markets since late 2008. The latest crisis in Europe is unlikely to be the last.

Building upon the progress achieved so far this year, we are well placed to weather a global financial storm.

For further information, please contact:

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Chief Executive Officer

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