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ACTIVITIES REPORT FOR THE QUARTER ENDED 30 JUNE 2011

HIGHLIGHTS

- Fully underwritten 1 for 8 Non-Renounceable Rights Issue to raise \$1,184,313.
- Agreement to acquire 10% interest in Paltar Petroleum Ltd, for the acquisition and exploration of oil and gas projects.
- Farm-in agreement executed with Centerra Gold (TSX: CG) to fund expenditure for the exploration and possible development of the Laogouxi property of up to US\$5,000,000.
- Member approval given to issue 69,720,936 fully paid ordinary shares to Gushi County Yangshan Coal Mine.

Fully underwritten 1 for 8 Non-Renounceable Rights Issue

Under the Rights Issue, eligible shareholders have been offered 1 New Share and/or New Option for every 8 shares held by them at the Record Date.

Eligible shareholders could choose to acquire either:

- One (1) New Share only – one (1) New Share for every eight (8) shares held in SNV by the eligible shareholder at the Record Date (16 June 2011) at an issue price of \$0.015 (1.5 cents) each; or
- One (1) New Share plus one (1) New Option – one (1) New Share and one (1) New Option for every eight (8) shares held in SNV by the eligible shareholder at the Record Date. Each New Option has an issue price of \$0.005 (0.5 cent) each; or
- One (1) New Option.

Each New Option is exercisable at \$0.05 (5 cents) on or before 30 November 2013. The offer is non-renounceable and accordingly, Eligible shareholders may not dispose of or trade any part of their entitlement to receive the New Shares or New Options.

The maximum number of New Shares which may be issued is estimated at 59,215,710 and the maximum number of New Options which may be issued is 59,215,710. The issue of New Shares and the issue of the New Options under the offer could raise a maximum of up to \$1,184,313.00.

The funds raised by the issue of the New Shares and New Options will be applied to existing funds to finalise the rationalisation of our China projects, provide working capital and to undertake negotiations and finalisation of an investment in an Australian oil and gas exploration project and undertake investigations of additional opportunities to acquire new projects in Australia.

Official quotation on a “Deferred Settlement” basis has been granted by ASX to 59,215,710 ordinary shares fully paid and 59,215,710 quoted options expiring 30 November 2013.

Paltar Petroleum Ltd (Sinovus 10% interest)

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.

Sinovus (“SNV”) has entered into a Share Subscription Agreement with Paltar to purchase not less than 10% of the company's ordinary shares. Under the terms of the agreement:

- SNV has subscribed for 6,666,667 fully paid ordinary shares in Paltar for a subscription price of \$1,000,000 (“subscription price”).
- Within 7 days after the listing of Paltar on ASX (“listing”), SNV will issue 23,686,285 fully paid ordinary shares (“shares”) and 23,686,285 free attaching options (“options”) to Wotan Group Limited in return for 5,291,005 shares in Paltar. The SNV shares are issued subject to an escrow period of 18 months from listing.
- The SNV attaching options are exercisable at \$0.10 per share, and expire on 30 June 2013.
- SNV shall hold not less than 10% of the total issued shares in Paltar immediately after listing.

If the listing does not occur before 31 December 2012, SNV may rescind the agreement; except that Paltar shall not be required to repay SNV the subscription price, and SNV continue to hold the 6,666,667 shares in Paltar.

Paltar's Farm-in Arrangement

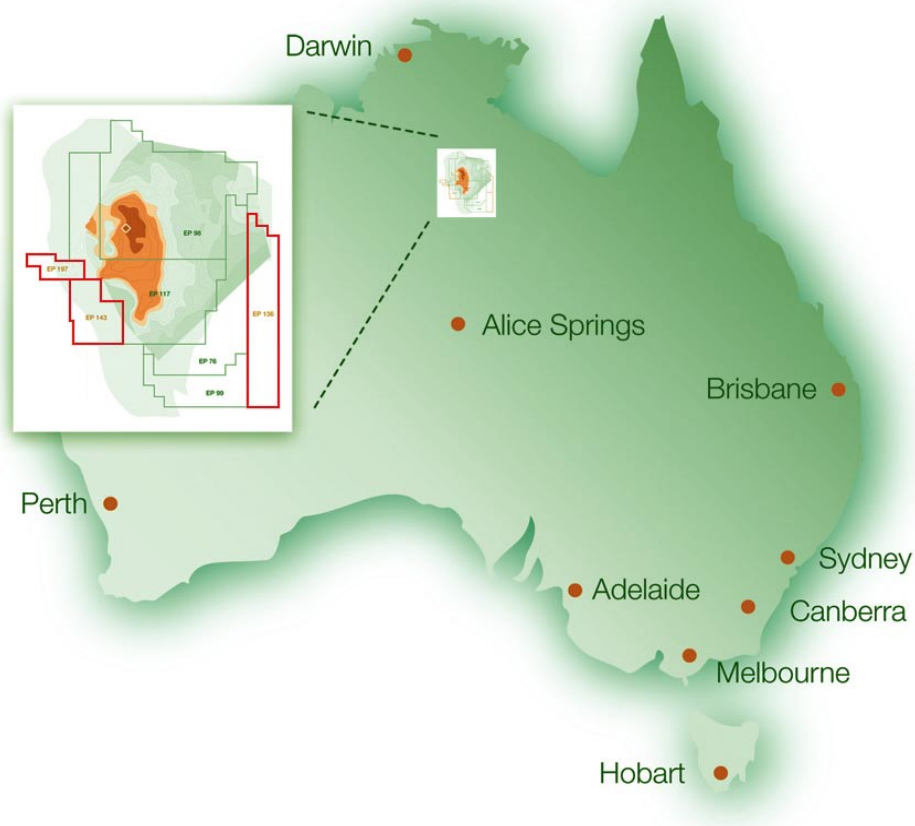
Paltar has a 50% farm-in arrangement with Sweetpea Petroleum Pty Limited over 3 exploration permit applications in the Beetaloo Basin in the Northern Territory: EPA 136, EPA 143 and EPA 197. It is expected that EPA 136 and EPA 143 will be approved in Q1 2012, subject to finalisation of agreements with the Northern Land Council and native title owners.

About The Beetaloo Basin

The Beetaloo Basin has an area of more than 25,000km² and is located approximately 600km south of Darwin. The main hydrocarbon focus is in reservoirs discovered in the shale and adjoining sandstone which have thicknesses of up to 800m.

In 2007 Sweetpea spudded and drilled the Shenandoah-1 well to a depth of 1,550m reaching the Kyalla Shale. Multiple hydrocarbon shows were encountered and high gas readings recorded over the entire Kyalla interval. The well was later re-entered and drilled to 2,714m to the Velkerri Shale, indicating a thickness of up to 800m with recordings of total organic carbon between 4% and 7%.

The Beetaloo Basin



Laogouxi Joint Venture (Sinovus 70% indirect interest)

Through SNV's 70% indirect interest in a co-operative joint venture, Heilongjiang Dragon State Resources Co. Ltd (the "CJV"), an agreement has been reached with Centerra Gold Inc. ("Centerra") to enable Centerra, the new joint venture partner, to farm into the property.

Centerra and the CJV partners have entered into a CJV contract to explore and, if commercially viable, develop the property.

Under the terms of the CJV contract:

- Centerra may earn an 18.2% interest in the CJV, by making a capital contribution of US\$1,300,000 within the first two years.
- Centerra may earn a maximum 70% interest in the CJV, by making a total capital contribution of US\$5,000,000 on or before the fifth anniversary.
- After Centerra has earned a 70% interest in the CJV, SNV's effective interest will be reduced to 21%.

Mr. David Sutton, SNV's Chairman, said that the signing of the joint venture contract with Centerra Gold was completed after almost 5 months of due diligence. Centerra brings a wealth of operational knowledge through its extensive experience in Central Asia. The willingness of a company such as Centerra to contribute US\$5,000,000 highlights the value of the Laogouxi Property.

About Centerra Gold

Centerra Gold (TSX: CG), a TSX-listed gold mining and exploration company, reported first quarter net earnings of \$137 million. The wholly-owned Kumtor mine in the Kyrgyz Republic and the wholly-owned Boroo mine in Mongolia produced 678,941 ounces of gold in 2010, and the company expects to produce 600,000 - 650,000 ounces of gold in 2011. This ranks Centerra as a leading North American gold producer and the largest Western-based gold producer in Central Asia.

The Laogouxi Property

The Laogouxi Property is located in the Daxing'anling Region that covers an area of over 600,000km² bordering Russia and the province of Inner Mongolia. It is located at the northern end of the Daxing'anling Range, 100km from the border with Russia. The gold anomalies at the property were discovered by regional stream geochemical surveys, but the region is well-known for alluvial gold mining.



The existing exploration licence covers a total area of approximately 39.5km², and contains two gold prospects, known as Laogouxi and Sendiaokunanshan.

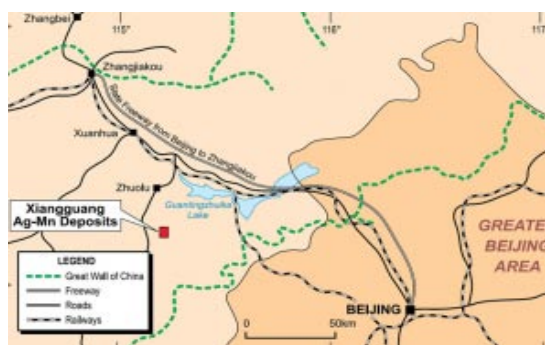
The Laogouxi Prospect is comprised of several widespread low-grade gold zones, which contain several areas of elevated gold at potentially economic grades. Previous exploration has

included soil surveys, trenching, limited drilling, and shaft and underground drive exploration. The soil surveys identified 29 anomalous gold targets, 9 of which also showed composite anomalies with silver, arsenic and antimony. Some significant mineral intersections have been discovered during the exploration work, including 22m at 2.3g/t gold, and 17m at 2.5g/t gold.

At the Sendiaokunanshan Prospect, soil surveys during 2001 and 2002 identified 18 anomalous gold targets. Surface trenching revealed one alteration zone that contained one mineralised vein; the controlled length of the vein is 68m, with an average thickness of 4.4m and an average grade of 1.8g/t gold.

Xiangguang Silver Project (Sinovus 15% interest)

Sinovus has a 15% free-carried interest in the Xiangguang Silver Project. The Project is located in Zhuolu County, in north-western Hebei Province, which is a 2 hour drive west of Beijing (about 130 km). The Licences under this project are located in hilly country at between 860m and 1,500m above sea level. A 10.8 km² Exploration Licence ('EL') covers the southern part of project, while the northern project area is covered by a 3.12km² Mining Licence ('ML').



Exploration Identified 68 Mineralised Veins

Previous exploration has identified a total of 68 mineralised veins that occur at parallel spacings of between tens of metres to about 200m. Only 3 of the 68 veins have been explored in any detail (Vein No. 2, 13 and 14). Vein No. 2 is continuous over 3,300m, No. 13 over 1,900m and No. 14 over 900m.

13.6 Million Oz Silver Resource

Previous exploration has defined a 13.6 million oz silver resource at an average grade of 161g/t Ag. This deposit has a high-grade 'core' of 2.7 million ozs of silver at 250g/t Ag. Reconnaissance diamond drilling in 2005 has confirmed the extension of the three explored veins in the southern part of the deposits, suggesting good potential to expand the existing resource.

New Model and Exploration Strategy

Sinovus has developed a new conceptual model that suggests that potential lies in a large, lower-grade low-sulphidation silver-gold-base metal deposit underneath or adjacent to the known veins. Under the previous model, gold was not considered in the metallurgical studies and was generally not assayed in drilling samples. But it is likely that gold will be an important component to the economic potential of the deposit.

Henan Yangshan Mining Co. Ltd (Sinovus 90% indirect interest)

Yangshan coal mine has been handed over to state-owned Henan Shenhua Group Co. Ltd ("Shenhua"), which controls the management company responsible for operation of the mine. Shenhua is a large, state-owned industrial group that is involved in coal mining, electricity generation and aluminium manufacturing.

At the Extraordinary General Meeting held on 8th April 2011, member approval has been given to the issue of 69,720,936 fully paid ordinary shares to Gushi County Yangshan Coal Mine.

Xinyuan coal mine

Evaluation of assets pursuant to the *asset swap arrangement* has continued.

Outlook

We have taken the opportunity to rationalise management roles within the company which will significantly reduce overheads.

China is Australia's most important trading partner, and its future development will continue to drive our economic growth. Fast-growing China offers both business opportunities and risks. Yet doing business there is unlike doing business anywhere else in the world. *Company Director July 2011*: "There hasn't been a time in recent world history when a major economic power, like China is today, has stood so far apart from the international mainstream of political and social organisation," Australia's ambassador to China Dr Geoff Raby noted at the *Company Directors Conference* in Beijing in May. But he added: "Like it or not, we have to come to know China on its own terms and deal with it as we find it. China is not on a path of convergence to something we can easily recognise and deal with."

Our efforts should have the effect of reducing inherent sovereign and other risks associated with investing in China. In relation to our existing China projects, we have taken steps to reduce our short term financial commitments, and make funds available for the pursuit of Australian based projects.

For further information, please contact:

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