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SINO PROSPER STATE GOLD RESOURCES HOLDINGS LIMITED

中盈國金資源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 766)

VOLUNTARY ANNOUNCEMENT QUARTERLY OPERATION UPDATE

Sino Prosper State Gold Resources Holdings Limited (“**Sino Prosper**” or the “**Company**”) is pleased to provide its latest quarterly update of operations and programs, which however does not contain financial information. It is the Company’s intention to provide periodic updates on its progress and plans for the Company’s various operations and exploration programs. These updates are intended to be an overview and may not be complete. The Company intends to focus on what management considers material developments of interest to its shareholders, subject to limitations due to confidentiality, level of relevance and competitive or trade secrets.

(A) CURRENT STATUS

Sino Prosper State Gold Resources Holdings Ltd. is a Hong Kong listed precious metals company. Sino Prosper is focused on various aspects of exploration, development, mining and production of precious metals in China. In addition to its existing exploration and production projects, with the Company’s significant cash reserves (over HK\$640 million (HK\$0.82/consolidated share) as at 30 September 2011), Sino Prosper maintains its corporate principle and strategy on building a major Chinese precious metals producer through acquisition of producing or near-production mining projects that can result in increasing resources and production per share.

Sino Prosper is now focusing on the following:

- expansion of production and resources at its Aohan Qi Mine (Sino Prosper holds 70% equity interests in Inner Mongolia Aohanqi XinRuiEn Mining Co., Ltd. which holds a mining license covering approximately 2.70 square kilometres (km²) (having obtained support and approval from the local government, the Company is now waiting for final approval from the central government this year to expand the license area to over 4.0 km²));
- on the expansion and consolidation of operations in the Aohan Banner in Inner Mongolia through its Regional Cooperation Agreement with the local government;

- on the exploration and development at its 92% owned Heilongjiang Zhongyi-Weiye Economic & Trade Co. Ltd. (Zhongyi) which holds five exploration licenses covering approximately 364 km² in contiguous areas;
- on due diligence related to the potential acquisition of the Qing Jiao Gold Mine (箐腳金礦) located at Xiongwu Village, Xingyi City, Guizhou Province, the PRC (comprising a current mining area of 0.6033 km² plus other contiguous properties); and
- on the investigation of other potential acquisitions of advanced-stage projects with the potential to expand resources and productions per share, thus enhancing shareholder value.

This Quarterly Operation Update has been somewhat delayed by the closing of operations for the holiday season in Hong Kong and China, which delayed the receipt of new data. The Company hopes that the reader will find the wait worthwhile as this Update provides an extended analysis and explanation of new geological interpretations and work at Sino Prosper's Aohan Qi Mine based on the work over the last two years.

(B) AOHAN QI MINE, INNER MONGOLIA

1. Ore Processing Plant and Refinery

Sino Prosper is pleased to report on its Aohan Qi Gold Mine, located 130 kilometres (km) west of Chifeng City, Inner Mongolia, and 380km northeast of Beijing in the Aohan Banner of the Chifeng District, Inner Mongolia, PR China.



Figure 1 – Aohan Qi Location Map

As reported previously, the Aohan Qi Processing Facilities achieved its full processing capability of 500 tonnes per day (“**tpd**”) by the end of December 2010. Construction has continued on the upgrading and expansion of office buildings, and other ancillary facilities.

As elaborated in previous Quarterly Operation Updates, gold output has been limited due to further construction work in the mine limiting access to feedstock for the plant. As noted in previous reports, remedial construction and safety upgrades had been completed. While the processing plant restarted production on 20 September 2011, access to adequate output from the mine continued to be restricted by construction of new vertical shafts and access tunnels. Details of this work are elaborated further below.



Figure 2 – Expanding Aohanqi Plant Facilities



Figure 3 – Aohan Qi Plant and Offices

Also, the Company is converting to a dry tailing system in order to comply with increased local and state government mine management and environmental standards. A new dry tailing pond is under construction and is expected to be ready for use in May 2012. During the construction period, mining operations have been further restricted.



Figure 4 – Aohan Qi Dry Tailing Pond Construction

As a result of these restrictions, the Company achieved very modest cumulative gold production in the first three quarters of fiscal year 2011-12 (1 April 2011 to 31 December 2011) with costs that would be unrepresentative of expectations once full operation is resumed.

As discussed further below, most construction work on the mining operations will be completed shortly, allowing for full access to high grade zones and new zones identified during exploration and the underground construction process. Together with the completion of the new dry tailing facilities, Sino Prosper is on track for restoration of full 500tpd operations at the Aohan Qi Processing Plant by the end of June 2012, consistent with the previous commitment by the Company.

2. Expansion of Aohanqi Mining Operations

The Aohan Qi Gold Mine is located approximately 3km from the major mining centre at Jintao. The site is accessed via a paved road and has adequate power and water on site. The mine now has approximately 11,000 metres (m) of workings with current production from three shafts: SQG SJ vertical shaft, DMG Shaft #1 and DMG Decline #2. As reported previously, four new and larger standard specification vertical shafts (DMG Shaft #2, DMG Shaft #3, DMG Shaft #6 and DMG Shaft #8), each with seven sub-levels planned, are under construction and have made excellent progress.

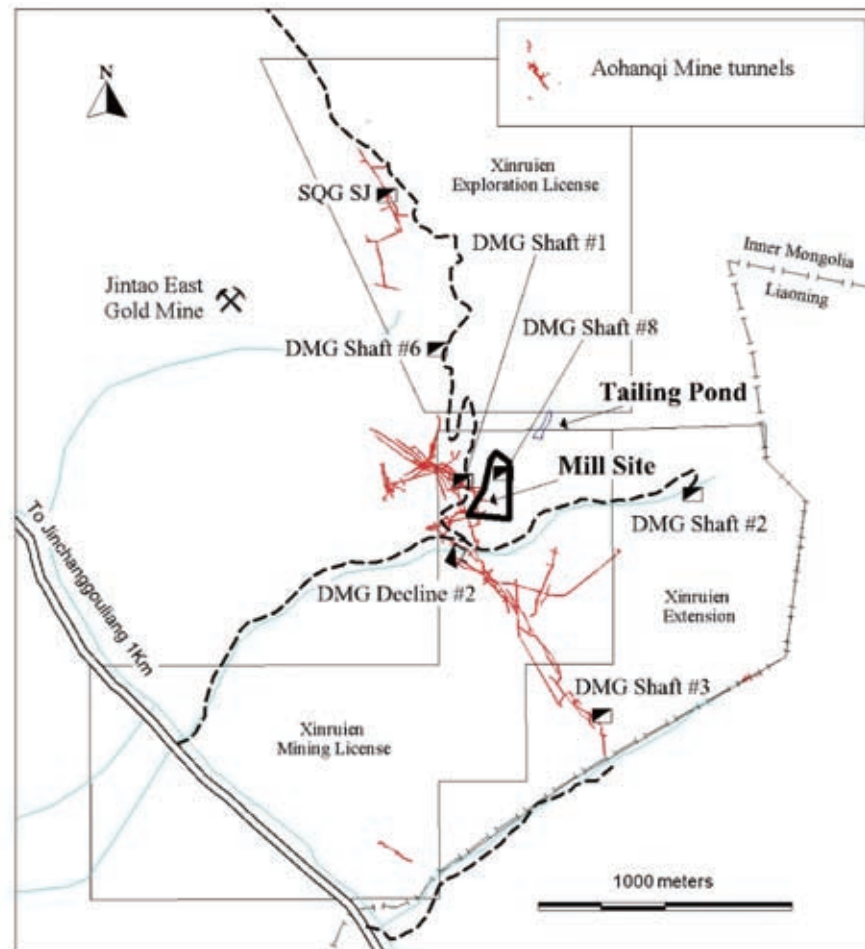


Figure 5 – Aohan Qi Mine Infrastructure

Construction of vertical shafts #2 and #8 has been completed, having reached depths of 333m and 330m respectively. Work has commenced both on side drifts to connect the completed shafts to existing tunnels as well as replacing the temporary headframes with a permanent ones. Vertical shaft #3 has reached 190m, with another 14m to go until work on side drifts and installation of new headframe, skip and cage start (as the shaft is located in a fracture zone, the targeted depth is shallower than the other shafts). Vertical shaft #6 is almost complete, as well, having reached 251m with a targeted depth of 256m before commencement of work on side drifts and installation of new headframe, skip and cage.



Figure 6 – Shaft #2



Figure 7 – Shaft #3



Figure 8 – Shaft #6



Figure 9 – Shaft #8

Approximately 3,000m of new underground tunnels have been constructed since the last update in October, for a current total of about 11,000m of existing underground tunnels, compared to only about 4,000m of tunnels when Sino Prosper first took over the mine in July 2010. Another 4,000m of tunnels are estimated to be constructed in 2012. The completion of the expanded tunnel system, including an ore transport system, will enable mechanized ore movement through the mine, to surface and delivery to the processing plant. Upon completion of the expansion of the underground workings related to the four main shafts, expected mine output capacity can reach up to 2,000 tpd and will allow for access to a number of additional identified mineralized zones.



Figure 10 – Aohan Qi Mine Safety Upgrades



Figure 11 – Aohan Qi Mine Tunnel Expansion



Figure 12 – Mine Expansion, Upgrading and newly installed rail transport system

Based on new and existing data, the new Sino Prosper technical team is developing detailed mining plans to optimize the plant operation. The mine expansion and implementation of these plans are expected to be substantially completed in the next months, allowing for full restoration of processing operations at the planned 500tpd level by mid-year.

3. Exploration of Aohan Qi Project

As noted in our previous Quarterly Operation Update, the Company has successfully implemented the appropriate Quality Assurance/Quality Control (QA/QC) procedures for sampling, sample handling and security, chain of custody, analytical procedures and reporting.

Over the years 2010 and 2011, since acquisition of the project, Sino Prosper has completed an extensive exploration programme that has given the Company a new understanding of the geology of the Aohan Qi ore body in the context of the regional geologic setting. Eight major mineralized faults (veins) have been defined to date, with numerous minor veins and “pods of mineralization” encountered. Six veins are currently production ready: Veins #1, #1-3, #3, #8, #25 and #39. One new vein, #39-1, is under development. Additional veins are currently being explored.

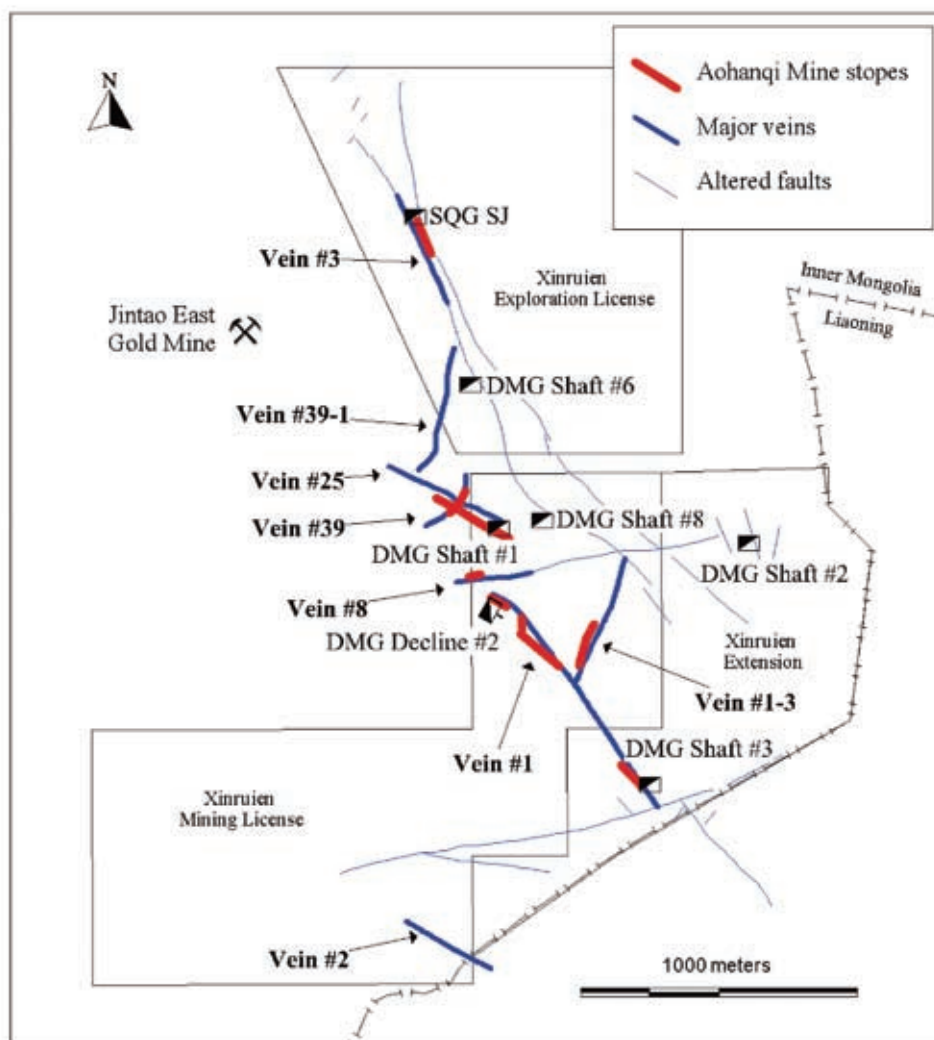


Figure 13 – Aohan Qi Major Mineralized Zones

Over this period, Sino Prosper has completed a significant surface exploration programme. Geological mapping at 1:2000 scale has been completed over 5km². A total of 1,735 soil samples have been collected over a 7km² area. The geophysical programme has included IP and ground magnetics over 7km² with 3,450 stations.

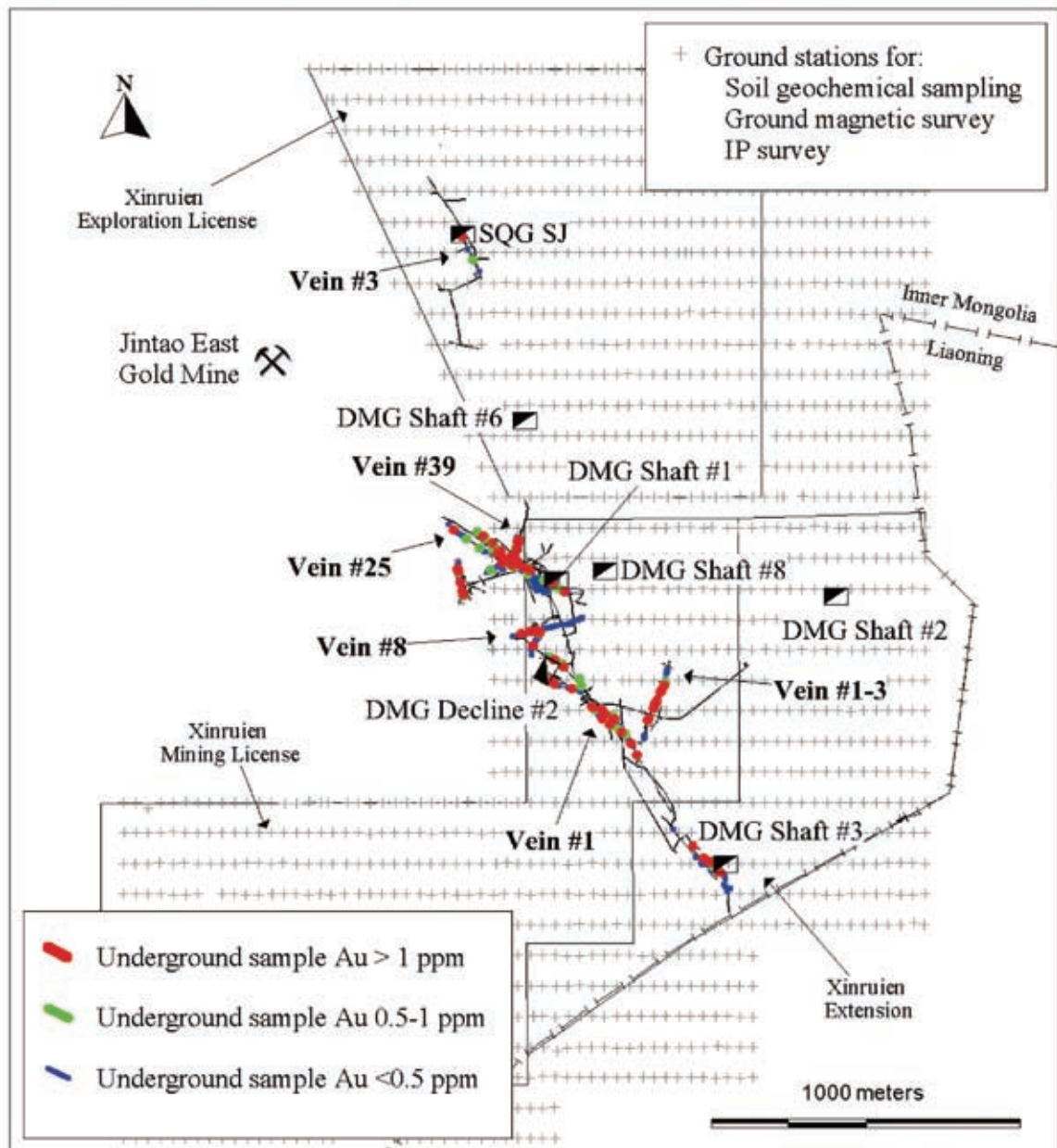


Figure 14 – Aohan Qi Surface Exploration Programme

As previously reported, the Company also undertook an extensive underground sampling programme, which will continue as new underground workings are developed. Over 2010 and 2011, over 10,000m of tunnels have been mapped with 1,727 channel samples taken. The channel sampling programme indicated best gold grades on Veins #1, #1-3, #25 and #39, with grades as high as 20.3g/t over 1.1m. Sample results also indicated that the mineralized veins rapidly pinch and swell along both strike and dip directions. Although using Chinese mining techniques and costs this is expected to allow for production at planned levels, it may

have a negative impact on the calculation of resources under the JORC methodology. As noted previously, the independent report prepared for the Company by the China Nonferrous Geological Survey Co., Ltd. and confirmed by SRK Consulting, indicated a Chinese Standard resource of 17.34 tonnes (t) of gold with an average grade of 9.34 g/t.

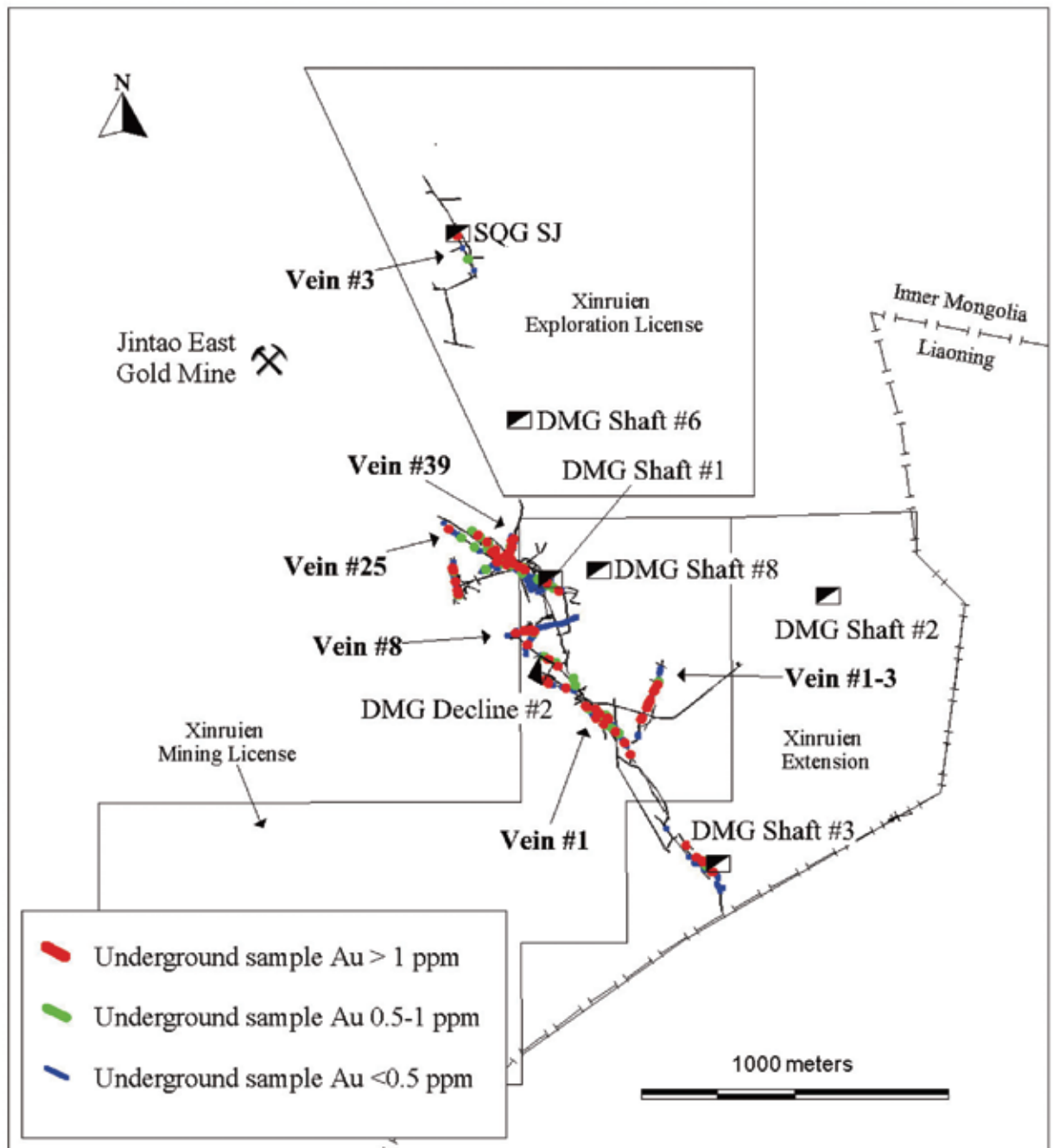


Figure 15 – Aohan Qi Underground Sampling

During the 2010 and 2011 period, Sino Prosper also undertook an extensive drilling programme. The programme consisted of 121 holes for 35,620m of drilling. A total of 2,534 drill samples were collected. The drilling programme resulted in the following major developments:

- Discovered and defined new Vein #39-1;
- Discovered high-grade gold mineralization beneath Veins #25 and #39;
- Demonstrated depth extension along Vein #1; and
- Discovered numerous new veins in the vicinity of DMG Shaft #2.

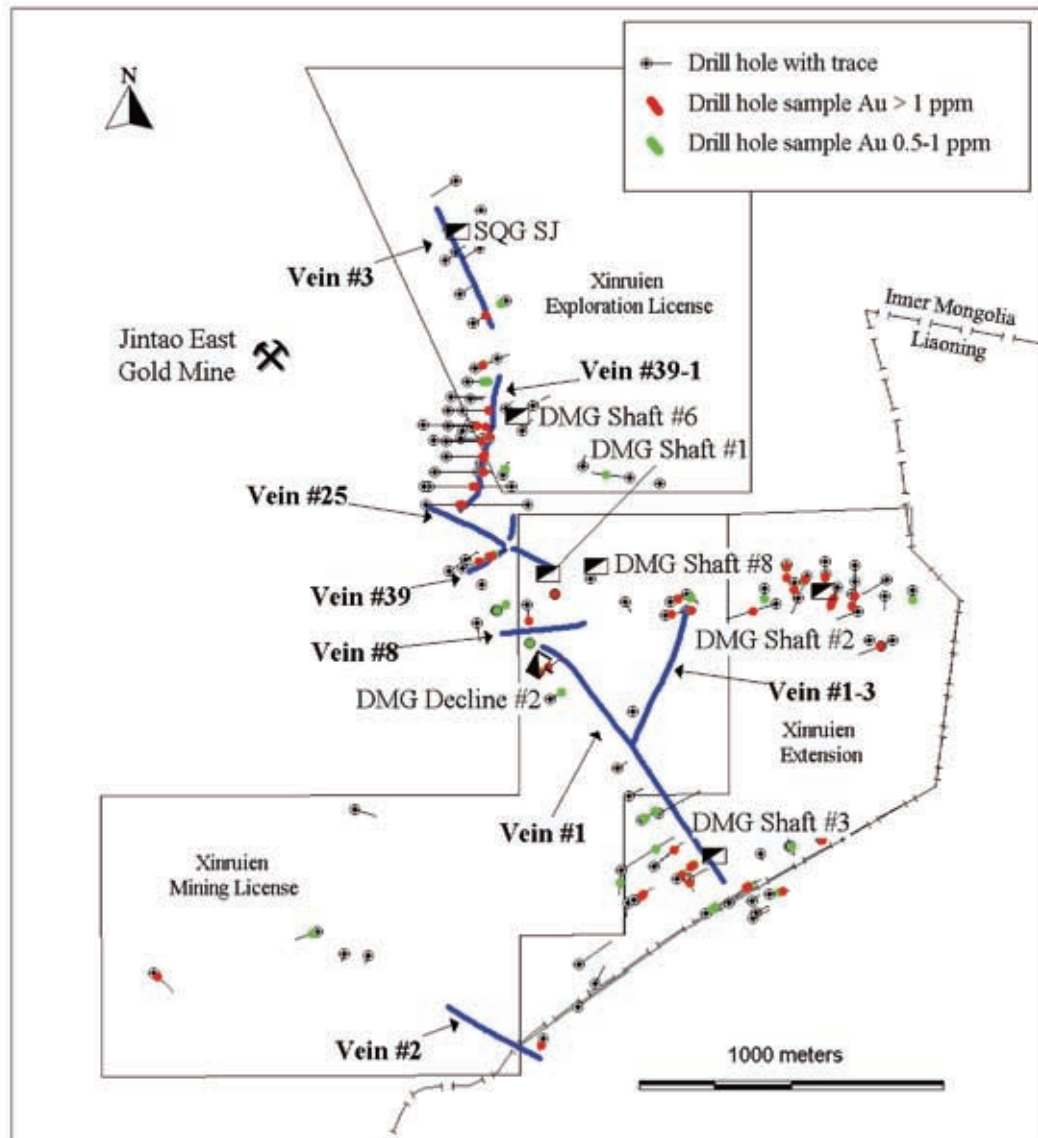


Figure 16 – Aohan Qi Drilling Programme



Figure 17 – Newly Discovered Veins

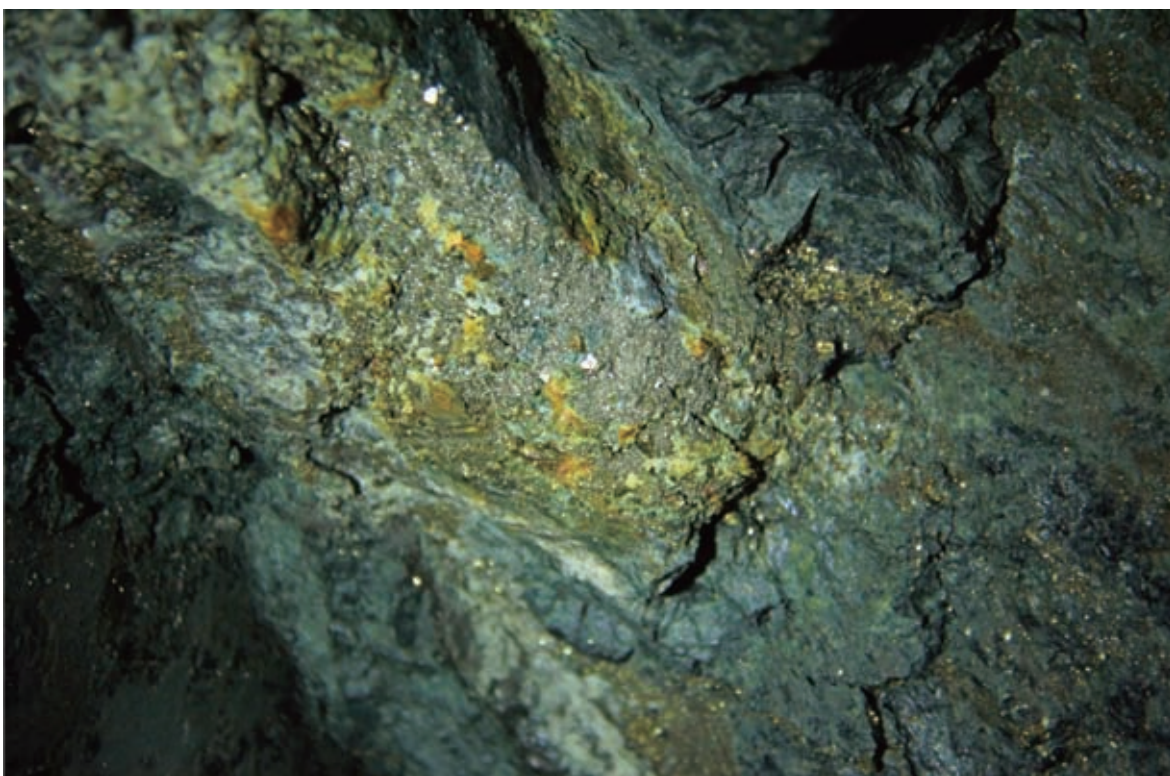


Figure 18 – High Grade Zones

Overall, the results of the Aohan Qi exploration programme during 2010 and 2011 have been encouraging. The results are consistent with the regional mineralization at the Jin Tao and

ErDaoGou Mines on either side of the Aohan Qi Mine and which have been producing for more than 50 and 40 years, respectively, at depths of over 700m (Aohan Qi Mine currently only at 300m). The Company's drill results also indicate deep potential.

Aohan Qi Mine – Vein #1 North Section

Gold mineralization in the plane of Vein #1 (north) is largely defined by channel samples collected along DMG Tunnels #2 and #3 and along DMG Decline #2 Level. Deeper development is planned from Shaft #8, at the 447m Level. The vein has a strike length of approximately 400m with a true vein thickness of generally less than 1m. Grade X thickness values range up to 6.82 g-m. Higher grade chutes are narrow and plunge steeply.

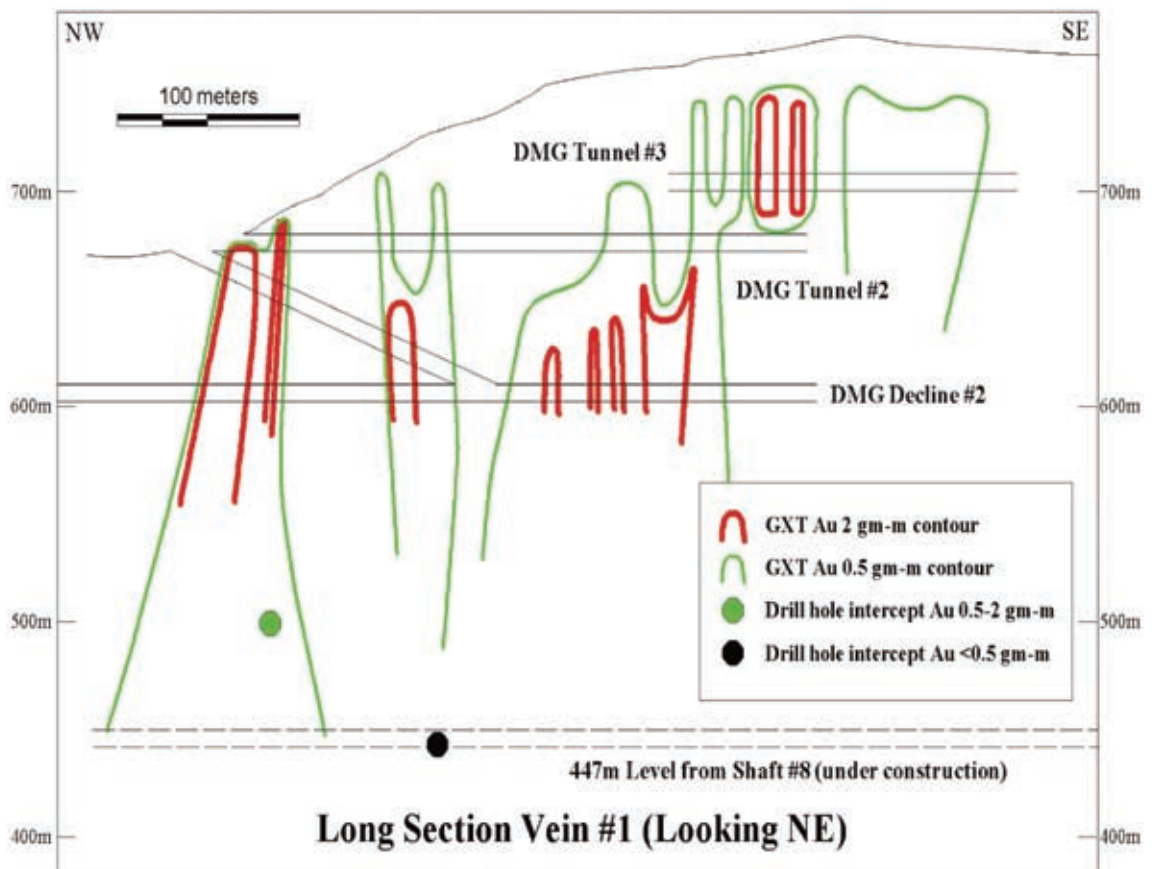


Figure 19 – Aohan Qi Vein #1 North Section

Aohan Qi Mine – Vein #1 South Section

Gold mineralization in the plane of Vein #1 (south) is defined by a combination of drill holes together with channel samples collected along the Machegou Tunnels #1 and #2. Deeper development is planned from Shaft #3, at the 512m Level. The vein has approximately 100m to 200m of strike length. Grade X thickness values range up to 23.5 g-m. Higher grade chutes pinch and swell rapidly along strike and plunge steeply. Drilling has indicated deep potential.

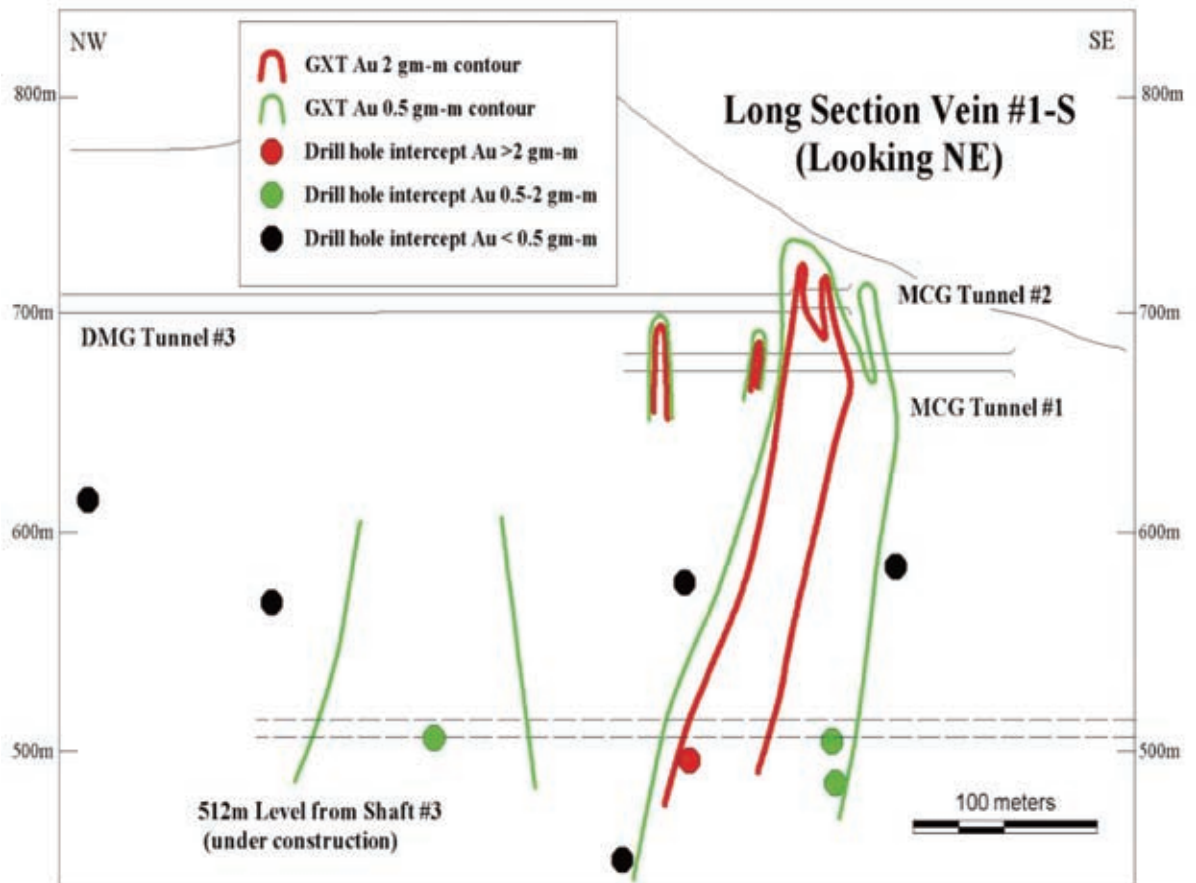


Figure 20 – Aohan Qi Vein #1 South Section

Aohan Qi Mine – Vein #1-3 Section

Gold mineralization in the plane of Vein #1-3 is largely defined by channel samples collected along DMG Decline #2 Level. Deeper development is planned from Shaft #2, at the 439m Level. The vein has approximately 150m of strike length with grade X thickness values range up to 20.3 g-m. Higher grade chutes plunge steeply and pinch-and-swell rapidly along strike. The distribution of gold mineralization generally displays good continuity.

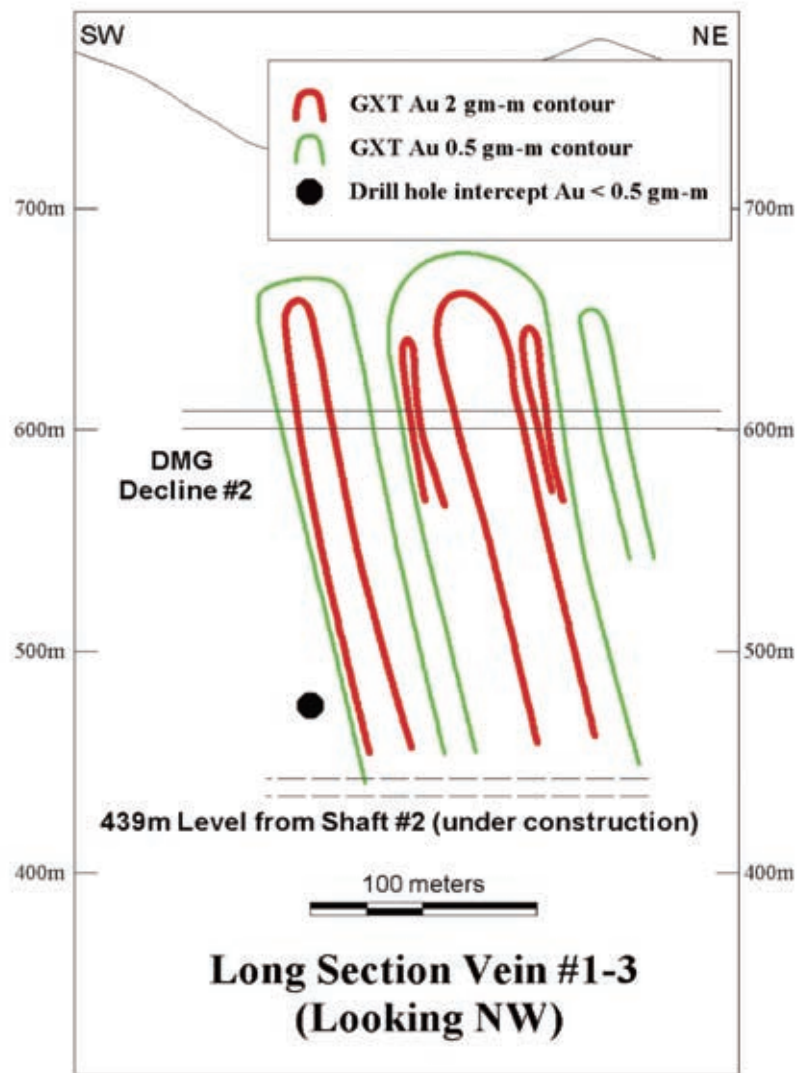


Figure 21 – Aohan Qi Vein #1-3 Section

Aohan Qi Mine – Vein #8 Section

Gold mineralization in the plane of Vein #8 is largely defined by channel samples collected along DMG Shaft #1 Level 2. Deeper development is planned from Shaft #8, at the 447m Level. The vein has approximately 100m of strike length with true vein thickness generally less than 1m. Grade X thickness values range up to 3.72 g-m. The vein is characterized by narrow, steeply-plunging higher grade chutes. It is open at depth to the west.

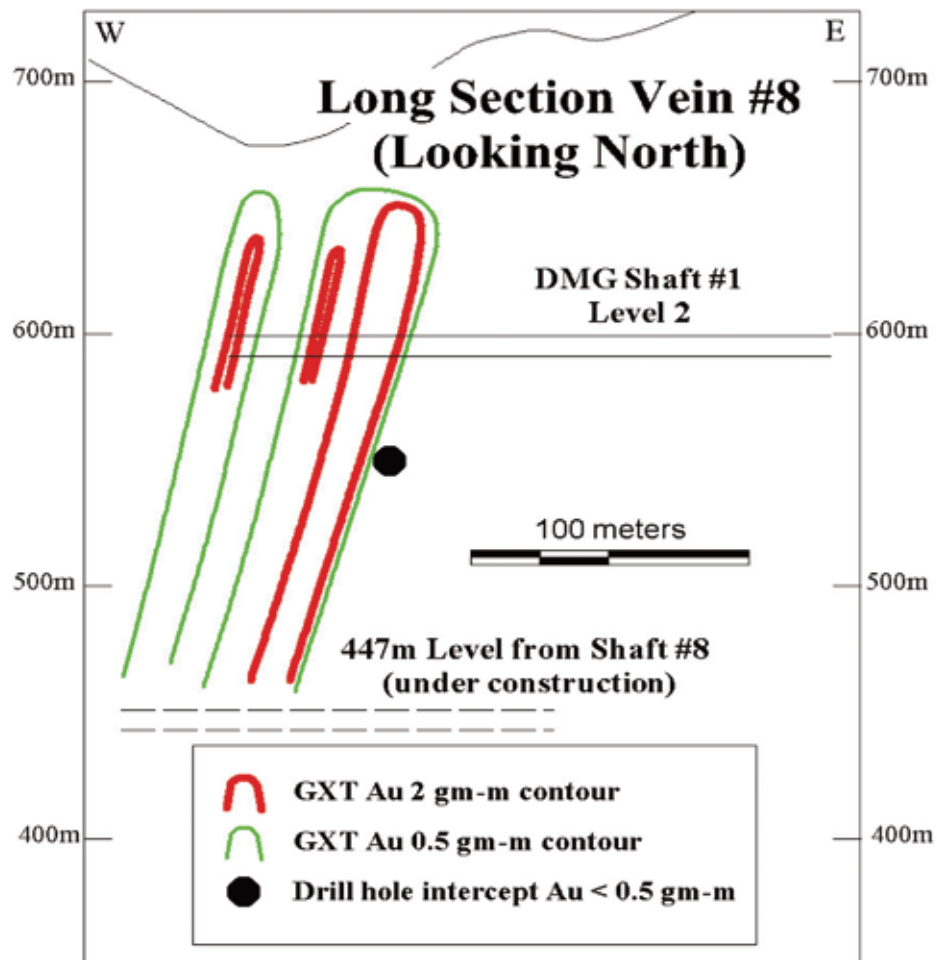


Figure 22 – Aohan Qi Vein #8 Section

Aohan Qi Mine – Vein #25 Section

Gold mineralization in the plane of Vein #25 is largely defined by channel samples collected along DMG Shaft #1 Levels 1, 2, and 3. Several drill holes chased higher gold grades to depth below Level 3. Deeper development is planned from Shaft #8, at the 447m level. The vein has approximately 400m of strike length with true vein thickness generally less than 1m. High grade chutes are generally narrow and display near-vertical plunge. The best drill hit in ZK-2101 of 9.92 g/t gold over a true vein width of 1.1m (GXT = 10.9). Drill holes indicate deep potential.

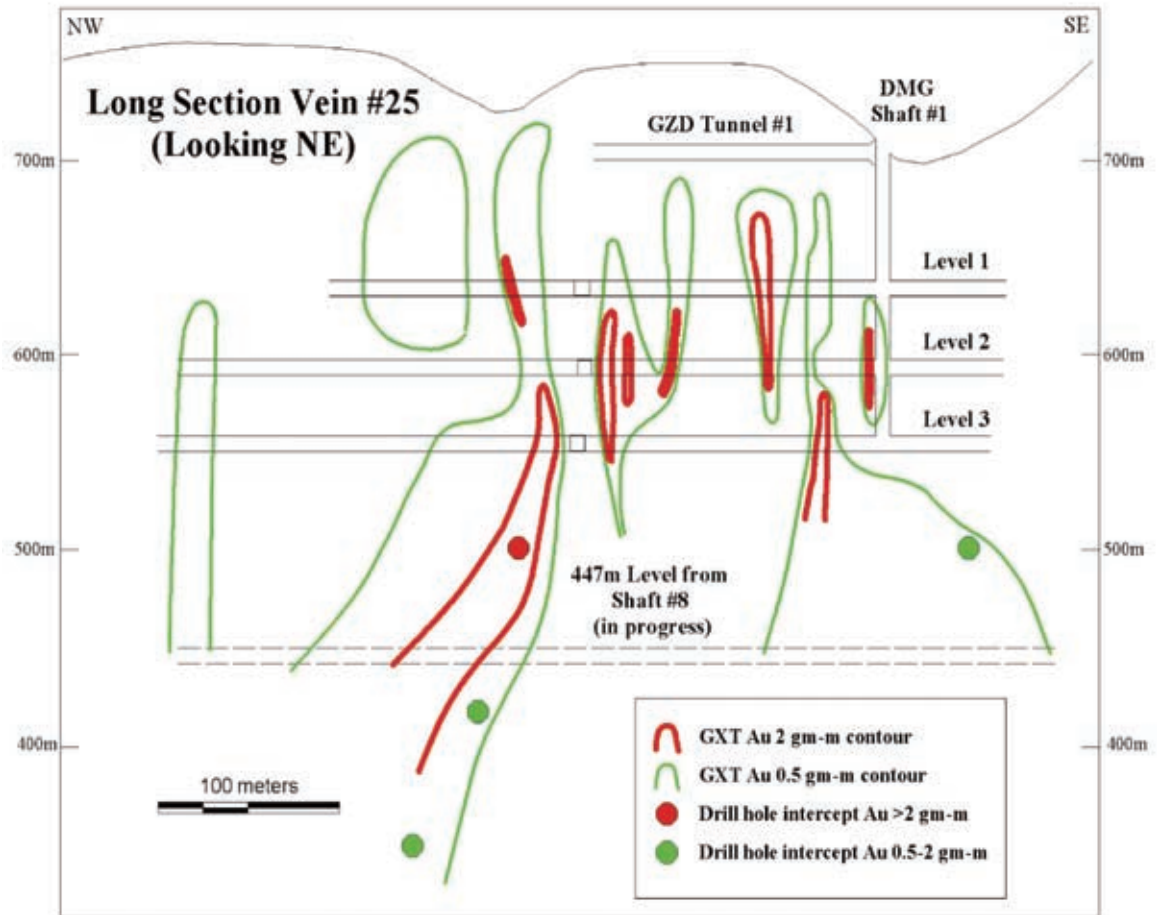


Figure 23 – Aohan Qi Vein #25 Section

Aohan Qi Mine – Vein #39 Section

Gold mineralization in the plane of Vein #39 is largely defined by channel samples collected along DMG Shaft #1 Levels 1, 2, and 3. Several drill holes chased higher gold grades to depth below Level 3. Development is planned from Shaft #8, at the 447m Level. The vein has approximately 100m of strike length with true vein thickness generally less than 1m. The best intercept was 0.2m (true vein thickness) grading 30.6 g/t of gold. The vein has a steep SW-plunge to narrow, high grade chutes. Drill holes have indicated deep potential.

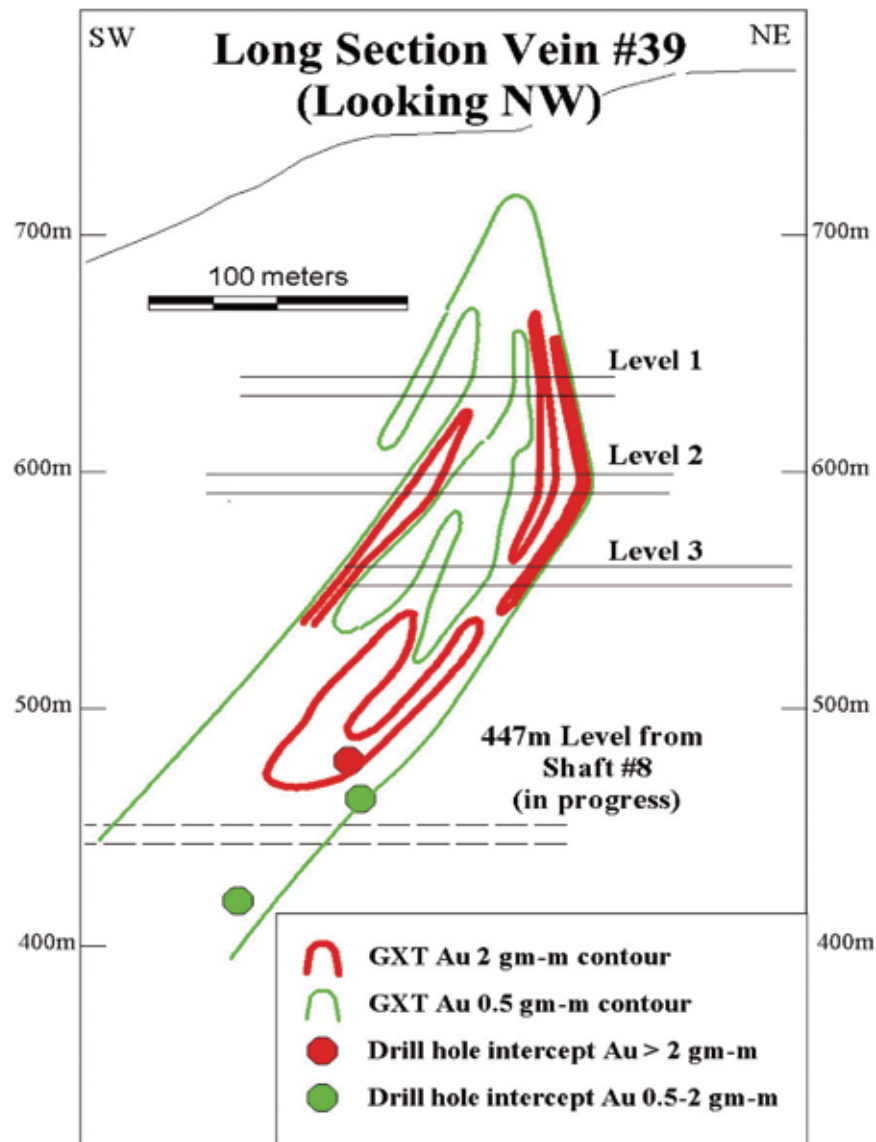


Figure 24 – Aohan Qi Vein #39 Section

Aohan Qi Mine – Vein #39-1 Section

Drilling during the 2010-2011 exploration seasons identified and defined gold mineralization along Vein #39-1. Some of the highest gold grades to date were encountered. Development is planned from Shaft #6, at the 550m Level. The vein exhibits 200m of down-dip extent with approximately 400m of strike length and true vein thickness generally less than 1m. Grade X thickness values range up to 5.0 g-m. There is apparent sub-horizontal control over higher grades. The vein continues open to the south and gold mineralization deepens southward with proximity to Vein #25.

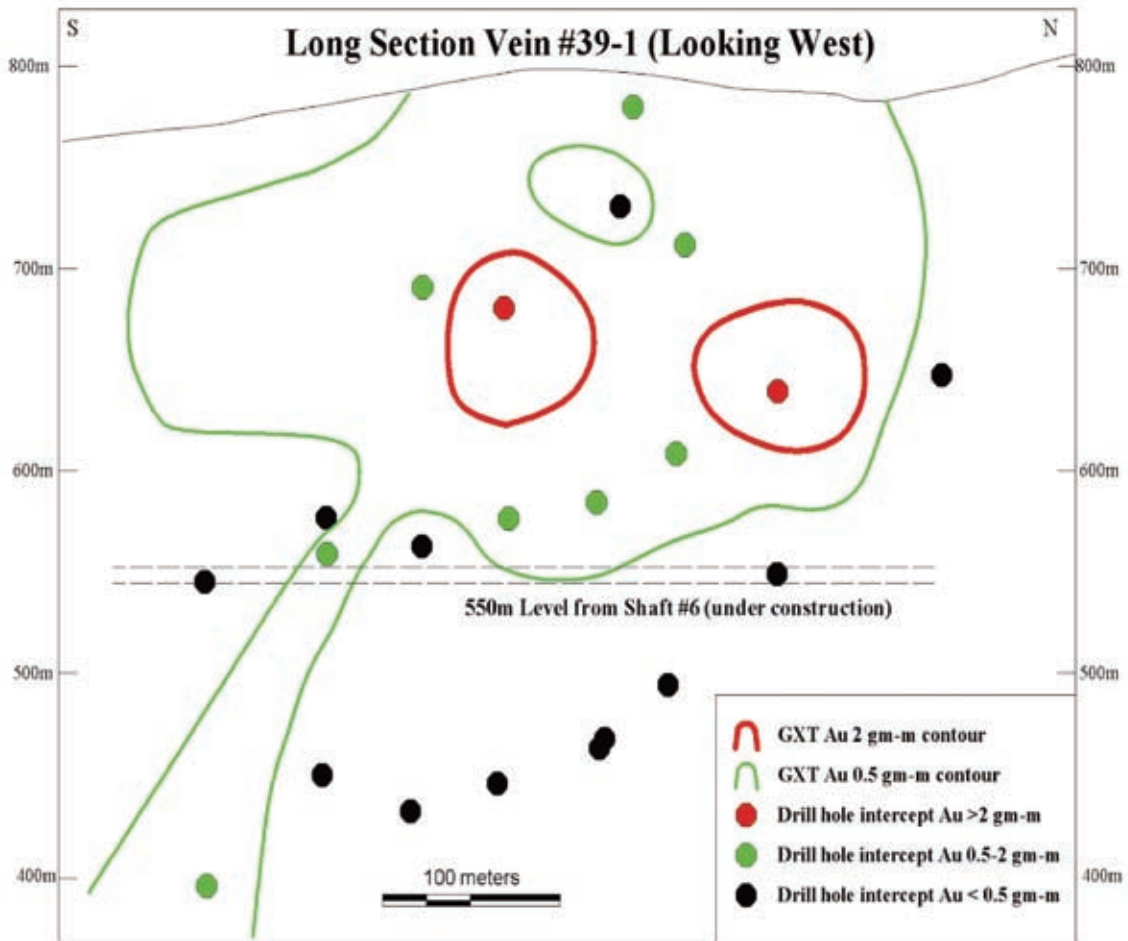


Figure 25 – Aohan Qi Vein #39-1 Section

4. Expansion of the Current Mining and Exploration License Area

As noted in previous Quarterly Operation Updates, the first phase of the application for the expansion of the mining license area has been completed. An application has been made for a second phase which upon completion will further extend the mining area to approximately 4km². Sino Prosper has also been granted the exploration rights to an additional 4km² of exploration license area contiguous with its property north of its current area and will now continue to expand its licensed area with an ultimate goal of a mining license covering 10 km².

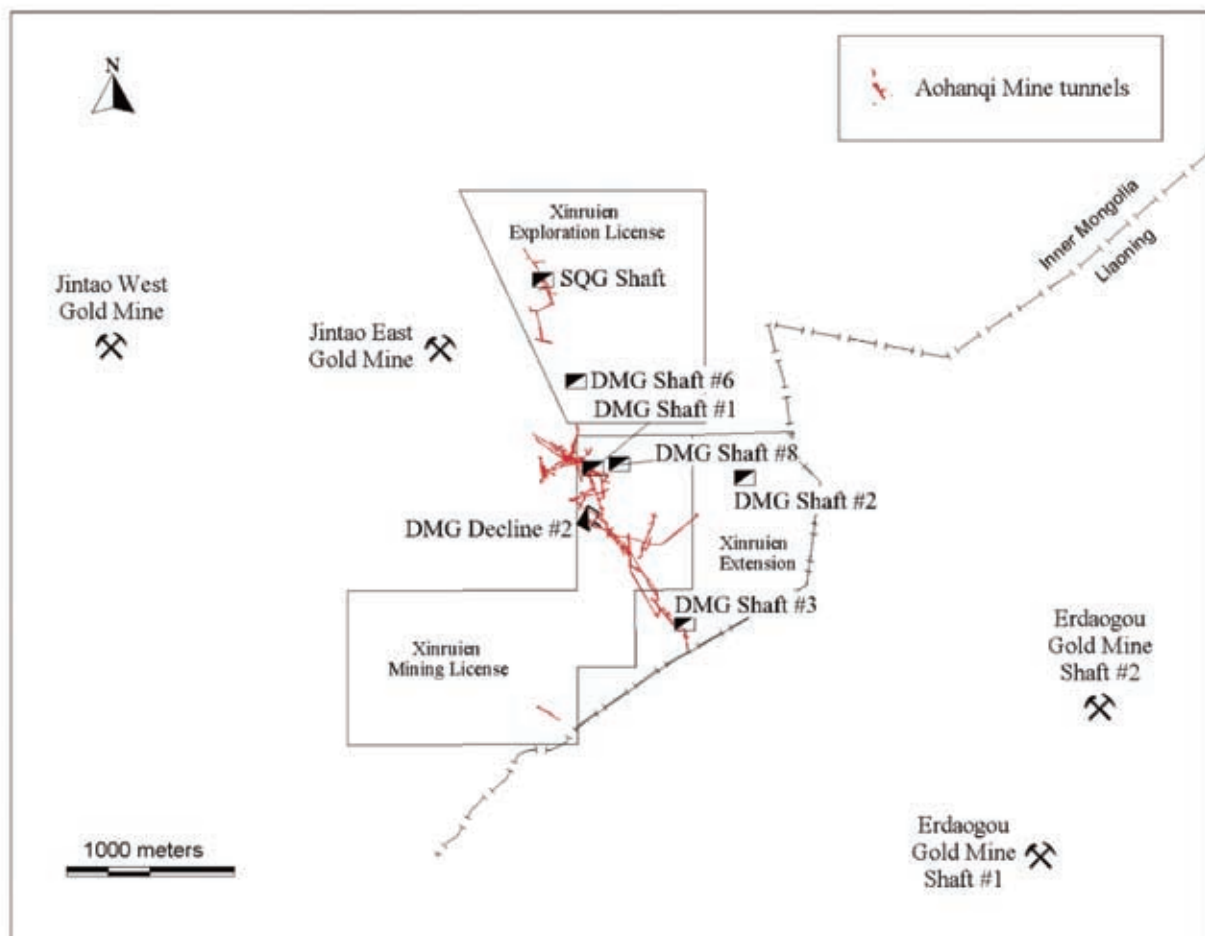


Figure 26 – Aohan Qi Licenses and Area Map

(C) AOHAN BANNER REGIONAL COOPERATION AGREEMENT

Referring to the Company's previous Quarterly Operation Update, Sino Prosper has organized its regional team to examine data and opportunities provided by the local government. To date, the results of the Company's examinations have not proven to be fruitful; however, Sino Prosper will continue to look at opportunities as they are provided by the Aohanqi government.

In addition, due to the Company's successful investment and development in Aohanqi, Sino Prosper has also been invited by the local government to examine and invest in potential mining opportunities in the region.

(D) ZHONGYI-WEIYE HEILONGJIANG MINES

At its Zhongyi-Weiye Project in Heilongjiang Province, Sino Prosper currently has five exploration licenses for poly-metallic (including gold and copper) prospects, which cover an area of 364.61 km².

As previously reported, new high potential targets have been identified. The second phase of drilling of about 4,000m was completed in 2011. This was again below expectation due to the replacement of personnel including the head of exploration, as the board was very disappointed with the progress made by the previous team (part of the management team restructuring as mentioned in the previous Quarterly Operation Update). Core samples have been sent for testing with assay results expected by the end of the first quarter 2012. The Company's objective is to develop PRC standard resource reports, apply for mining licenses and to commence initial production by the end of 2012.

(E) PROPOSED QING JIAO GOLD MINE (箐腳金礦) ACQUISITION & OTHER OPPORTUNITIES

Please refer to the Company's announcement dated 30 December 2011 for details on the proposed Qing Jiao Gold Mine Acquisition. As stated in the announcement, the Directors of the Company expect a circular containing, among other matters, further details of the potential acquisition and a notice convening the EGM, will be despatched to the Shareholders no later than 28 September 2012.

Besides the potential acquisition of the Qing Jiao Gold Mine, the Company is concurrently continuing to evaluate other opportunities as they arise, consistent with Sino Prosper's corporate strategy of using its strategic relationships in China to acquire producing or near-production assets where the Company believes it can rapidly expand resources and production per share as key drivers of shareholder value.

(F) INVESTOR CONTACT & OTHER CORPORATE COMMUNICATION DEVELOPMENTS

Sino Prosper is currently making plans for site visits in May 2012 for media, analysts and institutional investors, interested participants should notify Mr. Garry Stein, Director of Corporate Development (garrystein@sinoproper.com).

Additionally, the Company is in the final stages of development of a new and substantially improved website. Test work on the beta version of the site is expected to commence imminently. Final legal and other reviews will be completed and the new site is expected to be fully operational and released by the end of March. A separate announcement will be made at that time.

(G) FURTHER REPORTS

Sino Prosper continues to seek to improve its performance and capabilities. The Company looks forward to the imminent normalized operation of the Aohan Qi processing facility and completion of the safety and expansion of the Aohan Qi Mine.

Sino Prosper has also commenced investigation of a number of new projects with a view to continuing to grow resources and production per share as key drivers of shareholder value.

As one of a very few junior mining companies in Hong Kong and given current market conditions, Sino Prosper management considers that proper allocation and preservation of scarce capital resources, together with building long term sustainable operations, is key to the Company's long term success, especially during the current difficult economic environment.

The Company is pleased to provide this update report and intends to provide at least quarterly updates in the future as appropriate.

By order of the Board
Sino Prosper State Gold Resources Holdings Limited
Sung Kin Man
Chief Executive Officer and Executive Director

Hong Kong, 13 March 2012

As at the date of this announcement, the executive Directors of the Company are Mr Leung Ngai Man, Mr Sung Kin Man, Mr Yeung Kit, Mr Ng Kwok Chu, Winfield, and the independent non-executive Directors of the Company are Mr Cai Wei Lun, Dr Leung Wai Cheung, and Mr Zhang Qingkui.

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