

## Regulatory Announcement

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China Goldmines PLC  
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### Regulatory Announcement

China Goldmines plc

(the "Company")

Placing by Brewin Dolphin Securities Limited of 25,025,416 New Ordinary Shares of 1p each at 120 pence per Ordinary Share

China Goldmines plc (AIM:CGM) today announces the proposed placing of 25,025,416 new ordinary shares of 1p each in the Company principally with institutional investors at a price of 120 pence per share (the "Placing") to raise £30 million before expenses. The Placing is conditional on inter alia Shareholder approval for the Resolutions necessary to effect the Placing at the EGM which is to be held on 22 October 2007. Details of the EGM are set out below.

The net proceeds of the Placing will be applied to securing the transfer of the Gold Mines in the first instance and then to investing in the consolidation and development of the existing mining activities.

Subject to approval at the EGM, the new ordinary shares will rank pari passu in all respects with the existing ordinary shares in the Company. Application will be made for the new ordinary shares to be admitted to trading on the AIM market of London Stock Exchange plc and it is expected that trading will commence on 23 October 2007.

#### Background information

The Company listed on AIM on 7 February 2006 as a gold resources company focussed on the discovery and development of gold projects in the Hunan Province of China.

It was announced on 3 July 2007 that the Company had finalised and executed the 2007 Transfer Agreements (as required by the Government Agreement (as amended by the Supplementary Agreement)) for a total cash consideration of 180 million RmB (approximately £12 million). Following the completion of the Transfer, the CGM Group will have no further obligations in respect of further payments to the Gold Miners (including any share of profits). To date approximately £0.8 million has been paid to the Gold Miners by way of deposit or transfer fees, stamp duty and taxes, leaving an outstanding balance of approximately £11.2 million. The long stop date for settlement provided in the Transfer is 1 November 2007 although settlement is expected to occur before that date. The completion of the

transfer of all licences will make the CGM Group a producer within the Project Area which the Company believes has significant development potential.

On 24 July 2007 the Company announced the resource estimate on the Guanzhuang Project based on the findings of the Independent Geological Report. The highlights, which should be considered in the context of the full report, were summarised as follows:

- a JORC Code compliant Inferred Resource estimate of 5.1 million tonnes at 11 g/t gold containing 57,000 kg of gold equivalent to 1.8 million oz;
- Al Maynard & Associates' assessment indicates that the Guanzhuang Project economic resource could be increased substantially by a factor of 4 to 6 after the implementation of systematic exploration;
- confirmation that the CGM Group's objective to establish staged underground mining and processing operations increasing gold production from an estimated 25,000oz per annum to approximately 150,000oz per annum is achievable;
- confirmation in the Metallurgical Report of the excellent recovery characteristics of the ore which have been observed at the eight existing processing plants;
- simple metallurgy provides for low capital investment, processing costs and environmental risk;
- sound infrastructure including a major highway, grid power and water servicing the mining area. A skilled workforce of underground miners is available locally, along with associated support industries

#### Related Party Transaction

Perpetual Trustees Nominees Limited (which holds the assets of the Linq Resources Fund) has subscribed, and Karl Watkin intends to subscribe, for, respectively, 833,333 and 416,666 Placing Shares. The issue of Placing Shares to these parties will be considered a related party transaction for the purposes of the AIM Rules as Karl Watkin is a Director of the Company and Clive Donner, Chairman of the Company, is a Director of Linq Capital Limited which is the responsible entity of the Linq Resources Fund. In addition, a company associated with Clive Donner is a beneficiary of the Linq Resources Fund. In accordance, therefore, with the AIM Rules, the Independent Directors (being Lance Browne, Dr Evan Kirby, Frank Vanspeybroeck, Marinko Vidovich and Alec Worrall) have consulted with the Company's nominated adviser, Brewin Dolphin, and accordingly consider that the subscription by Perpetual Trustees Nominees Limited and the intended subscription by Karl Watkin for Placing Shares at the Placing Price are fair and reasonable as far as Shareholders are concerned.

#### Details of the EGM

As noted above, Shareholder approval is required to increase the Company's authorised share capital and to authorise the Directors to issue the Placing Shares for the purposes of the Placing.

The EGM is to be held at 10:30 a.m. on 22 October 2007 at 12 Smithfield Street, London, EC1A 9BD and Shareholders will be asked to consider and, if thought fit, approve the Resolutions which will:

- (a) increase the Company's authorised share capital from £240,000 to £550,000 by the creation of an additional 31,000,000 Ordinary Shares;

(b) authorise the Directors pursuant to Section 80 of the Act to allot the Placing Shares; and

(c) authorise the Directors pursuant to Section 95 of the Act to allot the Placing Shares for cash without making a pre-emptive offer to Shareholders.

#### Further Information

A circular setting out, inter alia, further details of the Placing (and the risk factors relating thereto) and containing the notice of an EGM together with a recommendation from the Board to vote in favour of the Resolutions to be proposed at the EGM, will be sent to Shareholders today.

For additional information:

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