

Regulatory Announcement

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China Goldmines plc

UNDERGROUND DEVELOPMENT WORK TO COMMENCE AT GUANZHUANG GOLD PROJECT

China Goldmines plc ("CGM" or "the Company"; AIM: CGM), the resource company focusing on the discovery and development of gold projects in Hunan Province, announces that it has entered into a contract valued at approximately RMB 46million (USD 6.5m) with Hunan Tunnel Engineering General Corporation to construct a central decline and a 4km underground haulage level, known as "Highway -40", for its Guanzhuang Gold Project.

The central decline will be located at the Zheng Jia Shan mine, halfway along the strike of the main ore body. This will also be the location of CGM's central processing facilities, including the large-scale processing facility (2,000tpd), offices and accommodation.

Highway -40 will commence at the Shen Jia Ya Mine and, closely following the main ore structure, will link all eight mines together underground, some 350m from the surface. It is anticipated that ore will be produced from the highway area as its development progresses.

In parallel, the Company will also develop declines from the De Sheng, Zheng Jia Shan, Jui Fa and Xiang Lu Mines to connect with Highway -40

to expedite the linkage between the mines and to accelerate ore production.

The construction is expected to take 18 months to complete and will coincide with the commissioning of the central processing facility.

Frank Vanspeybroeck, Chief Executive Officer of CGM, commented:

“The commencement of the underground work at Guanzhuang is an important milestone in CGM’s development that will provide multiple exploration drilling platforms and facilitate modern load and haulage practices. More importantly, it ensures that we remain on track to achieve our goal of reaching large-scale production by 2011.”

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