

Explanatory Notes to the Annual General Meeting Resolutions

These notes are intended to explain the business to be transacted at the Annual General Meeting.

1. **Resolution 1 – Audited Accounts**

The Directors of the Company are required under the Companies Act 2006 to lay the audited accounts and reports before the Company in General Meeting.

2. **Resolution 2 – Approval of the Remuneration Report**

The directors present their Remuneration Report for shareholder approval.

3. **Resolution 3 – Reappointment and Remuneration of Auditors**

In accordance with the Companies Act 2006, it is proposed to reappoint Mazars LLP as auditors of the Company at the Annual General Meeting and it is normal practice for a company's directors to be authorised to agree the auditors fees.

4. **Resolutions 4 to 7 – Re-appointment of the Board**

All of the Board are retiring as directors at the Annual General Meeting in accordance with the Company's Articles of Association and are eligible for re-appointment as directors. The guidance set out in the June 2009 AIM Note for investing companies specifies that London Stock Exchange would usually expect the Board, as a whole, to be independent of any substantial shareholder of the Company. This is not the case due to Frank Vanspeybroeck's shareholding. Details of the Board's interests in the Company's share capital are set out on page 23 of the Audited Accounts and the biographical details of the Board given at page 19 of the Audited Accounts.

8. **Resolution 8 – Investing Strategy**

In accordance with the AIM Rules for Companies, the Company, as an investing company under the AIM Rules for Companies, is required to obtain the approval of shareholders in General Meeting for its investing strategy.

The Company's proposed investing strategy is set out below:

Introduction

China Goldmines plc ("the Company") listed on the AIM market in February 2006 and over the past 3½ years has been engaged in the acquisition, development and operation of the Guanzhuang Project (the assets) within the Peoples Republic of China - the Company acquiring the assets in July 2007. The assets included five small operational mines, two mines in development and a dormant one. However, despite the Company commencing operations in early 2008, over the past 18 months it encountered a number of issues in developing and optimising the assets. Continued security breaches, theft and other local community issues had a significant and detrimental impact on the Company's ability to develop and optimise the assets. Management had sought to address the situation by putting in place additional security arrangements and conducting a comprehensive review of the operations.

In light of this, the Company had continued to review its strategy in China and considered a variety of solutions including Chinese and international joint venture partners, conventional equity raisings and potential sale of the assets. But, given the level of uncertainty in the equity markets at that time coupled with the operational and cultural difficulties experienced, the Company's directors concluded that a proposed disposal of the assets represented the best alternative to preserve shareholder value.

Now, with the Company having delivered on its preferred option to divest itself of the assets, it has as a consequence reviewed both its corporate direction and investment strategy to provide shareholders with a positive and robust pathway forward. This paper is a result of that review process.

Strategy

The board has given considerable attention to the direction in which the Company should go over the short to medium term (2-3 years), in order to achieve the Company's primary mission of delivering acceptable and sustainable capital growth to its shareholders, the objective of the Company is to apply its operational skill set and funds to a project which has realisable near term value.

To deliver this result, the Company will assess assets in the established mining regions within Australasia, South America and Africa. China will be specifically excluded as an investment region. Other countries and regions will be reviewed on a case by case basis.

Within these regions, the Company will target projects that demonstrate a sound investment case that meets or exceeds the Company's investment criteria. Our investment criterion remains flexible across a range of commodity types; including but not limited to bulk commodities (iron and coal but not oil and gas); base metals (primarily copper, nickel, lead and zinc) as well as precious metals (particularly gold and platinum).

In considering the stage of assets it may acquire (in whole or part), the Company will aim to invest in the more mature exploration properties; with preference towards projects that are advancing into the development / commissioning phase. In addition the Company, subject to a compelling investment case, remains open to consider the acquisition of producing assets (or even ones that are on care and maintenance). In such circumstances though, the Company's assessment of the residual value existing in the asset will need to be demonstrably high. The Company will also not rule out joint venture opportunities within its investment matrix; provided the potential for shareholder value uplift is evident.

In terms of the size of the investment that the Company would consider, this will vary depending on the Company's ability to fund the acquisition from its ability to source both debt and equity funding. All investments that are made must demonstrate the ability to at least meet or exceed the Company's internal investment hurdle rates of return.

Deal Sourcing and Evaluation of Opportunities

The company will source investment opportunities from internal sources, consultants and advisors, banks and brokers and will evaluate opportunities internally and with the use of appropriate skilled and experienced consultants and advisors.

Management and Operations

At the time an investment is contemplated under the proposed strategy, the Board will give consideration to management of the proposed investment. The Company is considering key management appointments either externally or alternatively sourced from within the investment opportunity. The Board believes it currently has the relevant skills to undertake and / or manage an operating or development project and can access or source the appropriate senior management to undertake the relevant positions for an operating mining asset.

9. **Resolution 9 – Authority to Allot Shares**

Resolution 9 will allow the Directors of the Company to allot unissued ordinary shares of the Company up to a maximum aggregate nominal amount equal to £161,584.70, which represents approximately one-third of the Company's issued share capital. Unless renewed, revoked or varied by the Company in general meeting, the authority will last from the date of the passing of the resolution until the conclusion of the Company's next Annual General Meeting and 15 months from the date of the passing of the resolution, whichever is the earlier.

10. **Resolution 10 – Disapplication of Pre-emption Rights**

Resolution 10 will give the Directors power to make allotments of ordinary shares of the Company for cash without reference to statutory pre-emption rights (including any sale of ordinary shares if, immediately before the same, the ordinary shares were held by the Company as treasury shares) up to a maximum aggregate nominal amount equal to £24,237.70, which represents approximately 5% of the issued share capital at the date of the Notice of the Annual General Meeting. The authority would also enable the Directors of the Company to implement a rights issue or other pre-emptive offer and will last from the date of the passing of the resolution until the conclusion of the Company's next Annual General Meeting and 15 months from the date of the passing of the resolution, whichever is the earlier, unless the authority of the Directors of the Company to allot unissued ordinary shares is previously revoked.

11. **Resolution 11 – Amendment of Articles of Association**

The Company's objects

The provisions regulating the operations of the Company are currently set out in the Company's Memorandum and Articles of Association. The Company's memorandum contains, among other things, the objects clause which sets out the scope of the activities the Company is authorised to undertake. This is drafted to give a wide scope.

The Companies Act 2006 significantly reduces the constitutional significance of a company's memorandum. The Companies Act 2006 provides that a memorandum will record only the names of subscribers and the number of shares each subscriber has agreed to take in the company. Under the Companies Act 2006 the objects clause and all other provisions which are currently contained in a company's memorandum, for existing companies at 1 October 2009, will be deemed to be contained in a company's Articles of Association but the company can remove these provisions by special resolution.

Further, the Companies Act 2006 states that unless a company's articles provide otherwise, a company's objects are unrestricted. This abolishes the need for companies to have objects clauses. For this reason the Company is proposing to remove its objects clause together with all other provisions of its memorandum which, by virtue of the Companies Act 2006, are to be treated as forming part of the Company's Articles of Association as of 1 October 2009. Resolution 12 confirms the removal of these provisions for the Company. As the effect of this Resolution will be to remove the statement currently in the Company's memorandum of association regarding limited liability, the new Articles of Association (the "**New Articles**") also contain an express statement regarding the limited liability of the shareholders.

Articles which duplicate statutory provisions

Provisions in the current Articles of Association (the "**Current Articles**") which replicate provisions contained in the Companies Act 2006 are either being removed in the New Articles or in some cases amended to bring them into line with the Companies Act 2006.

Change of name

Currently, a company can only change its name by special resolution. Under the Companies Act 2006 a company will be able to change its name by other means provided for by its articles. To take advantage of this provision, the New Articles enable the Directors to pass a resolution to change the Company's name.

Authorised share capital and unissued shares

The Companies Act 2006 abolishes the requirement for a company to have an authorised share capital and the New Articles reflect this. The Directors will still be limited as to the number of shares they can at any time allot because allotment authority continues to be required under the Companies Act 2006, save in respect of employee share schemes.

Redeemable shares

At present if a company wishes to issue redeemable shares, it must include in its articles the terms and manner of redemption. The Companies Act 2006 enables directors to determine such matters instead, provided they are so authorised by the articles. The New Articles contain such an authorisation. The Company has no plans to issue redeemable shares but if it did so the Directors would need shareholders' authority to issue new shares in the usual way.

Authority to purchase own shares, consolidate and sub-divide shares, and reduce share capital

Under the previous law a company required specific enabling provisions in its articles to purchase its own shares, to consolidate or sub-divide its shares and to reduce its share capital or other undistributable reserves as well as shareholder authority to undertake the relevant action. Under the Companies Act 2006 a company only requires shareholder authority to do any of these things and it is no longer necessary for articles to contain enabling provisions. Accordingly the relevant enabling provisions have been amended or removed in the New Articles.

Provision for employees on cessation of business

The Companies Act 2006 provides that the powers of the directors of a company to make provision for a person employed or formerly employed by the company or any of its subsidiaries in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary, may only be exercised by the directors if they are so authorised by the company's articles or by the company in general meeting. The New Articles provide that the Directors may exercise this power.

Use of seals

A company previously required authority in its articles to have an official seal for use abroad. After 1 October 2009 such authority is no longer required. Accordingly the relevant authorisation has been removed in the New Articles.

The New Articles provide an alternative option for execution of documents (other than share certificates). Under the New Articles, when the seal is affixed to a document it may be signed by one authorised person in the presence of a witness, whereas previously the requirement was for signature by either a Director and the Secretary or two Directors.

Suspension of registration of share transfers

The Current Articles permit the Directors to suspend the registration of transfers. Under the Companies Act 2006 share transfers must be registered as soon as practicable. The power in the Current Articles to suspend the registration of transfers is inconsistent with this requirement. Accordingly, this power has been removed in the New Articles.

Vacation of office by Directors

The Current Articles specify the circumstances in which a Director must vacate office. The New Articles update these provisions to reflect the approach taken on mental and physical incapacity in the model articles for public companies produced by the Department for Business, Innovation and Skills.

Forfeiture

The time periods during which forfeited shares, which are not sold, re-allotted or otherwise disposed of, must be cancelled are now set out within the Companies Act 2006 and so a reference is made to this in the New Articles.

Quorum

The Companies Act 2006 provides that in general terms the quorum for a general meeting is to be calculated by reference to the numbers of 'qualifying persons' who are present at the meeting, which includes an individual who is a member of the Company, a person authorised under Section 323 of the Companies Act 2006 to act as the representative of a corporation, and a person appointed as proxy of a member. In line with the Companies Act 2006, the New Articles make clear that there will be no double counting for qualifying persons who are representatives of the same corporation or proxies of the same member.

Votes of members

Under the Companies Act 2006 proxies, if they are appointed by more than one member and have voting instructions to vote both for and against a resolution, are entitled on a show of hands to one vote for and one vote against the resolution. The New Articles reflect this new legal position.

Time limits for the appointment of proxies

The New Articles now follow the provisions of the Companies Act 2006 for time limits for the appointment of proxy appointments following confirmation that s327(c) of the Companies Act 2006 (which stated that where a poll is taken not more than 48 hours after it was demanded, the cut off period for appointing proxies cannot end before the time the poll was demanded) will never be brought into force.

Representatives of corporations

The New Articles entitle corporations which are members of the Company to appoint multiple corporate representatives, in line with the Companies Act 2006.

Delivery of annual accounts

The Companies Act 2006 enables companies to send to their shareholders summary financial statements instead of the present full audited accounts. The New Articles permit the Company to take advantage of these provisions but this will not affect the rights of shareholders to receive the full audited accounts should they so wish.

Chairman's casting vote

In keeping with the approach of the model articles for public companies produced by the Department for Business, Innovation and Skills, the New Articles do not contain provisions for the chairman to have a second or casting vote on resolutions at general meetings.

Directors' Indemnities

The Companies Act 2006 has, in some areas, widened the scope of the powers of a company to indemnify directors and to fund expenditure incurred in connection with certain actions against directors. In particular, a company that is a trustee of an occupational pension scheme can now indemnify a director against liability incurred in connection with the company's activities as trustee of the scheme. This provision is included in the New Articles.