



Central China Goldfields plc
(‘GGG’ or ‘the Company’)

LONDON 5 June 2009

Central China Goldfields plc, (AIM: GGG), the mineral exploration and development company operating in China, is pleased to report its audited results for the twelve months ended 31 December 2008.

Highlights:

- In April we sold the Company’s interest in the Snow Mountain Project to our partner, the Sichuan Bureau of Metallurgy and Geological Exploration, for cash consideration of RMB 38 million. This represents a profit of RMB 14 million (approximately £1.1 million). The proceeds were then used to advance the Nimu Project and to earn in our initial 30% in Nimu.
- £899,520 was raised during the year, including £150,751 from Directors and employees of the Company.
- Twenty one holes have been drilled in the Gangjiang Licence in Nimu over the last two years with eighteen hitting significant mineralisation and many yielding good grades over considerable widths.
- At the Dong Mao Huo gold project resource definition drilling was completed and large scale bulk sampling was successfully carried out.
- On 2nd June 2009 the Company announced that the Sichuan Bureau of Metallurgy and Geological Exploration has approached Central China Goldfields plc with a view to acquiring the Company’s interest in the Nimu Project. At the present time the terms of any transaction, including the level of consideration, is unclear and there is no certainty that a formal offer will be forthcoming. Given the material uncertainties the shares were suspended from trading on AIM. A further announcement will be made in due course following clarification of the situation, at which point the Board hopes that trading in the Company’s shares can be resumed.

The annual report and financial statements together with the Notice of AGM and Proxy form will be despatched to shareholders shortly. The annual general meeting will be held at The Geological Society, Burlington House, Piccadilly, London W1J 0BG on 30 July 2009 at 09:30 am.

Additional copies of the Annual Report and Accounts, Notice of AGM and Proxy Form may be requested directly from the Company and will be available following distribution to shareholders on the Company’s website www.ccgoldfields.com.

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CHAIRMAN'S STATEMENT

2008 has been a year of challenges set against a number of clear successes for the Company.

In terms of our successes, we have made significant progress at Nimu where we believe we may have discovered a potentially world class porphyry copper deposit. Our second major success was the sale of the Snow Mountain gold project for RMB 38 million resulting in a profit of RMB 14 million (approximately £1.1 million). Sadly the success of that sale was soon tempered by the sadness of the subsequent major earthquake in the direct locality of the project. Progress has also been made at the Dong Mao Huo gold deposit to the point that this can be moved on to its next stage.

In March, after careful deliberation of the strategic direction of the company, we sold the Snow Mountain prospect to our joint venture partners Sichuan Bureau of Metallurgy and Geology Exploration (SBMGE) for a total of RMB 38 million which represents a profit of approximately £1.1 million. Our decision was based on a desire to focus on projects which have the capacity to transform shareholder value. We, therefore, are focusing on our potential world class copper porphyry deposit at Nimu and, to a lesser extent, early cashflow prospects at the Dong Mao Huo gold project.

Twenty one holes have been drilled in the Gangjiang Licence in Nimu over the last two years with eighteen hitting significant mineralisation and many yielding good grades over considerable widths. Three areas of mineralisation have been the focus of our drilling: Guqing, East Nading and Gelong. At Guqing the mineralisation is contained in an area of 400m x 300m x 250m. Between East Nading and Gelong (now called Doulie) the mineralisation area covers 1000m x 700m with depths from surface up to 576m. There are also areas with copper oxides at surface which could be very attractive for future low-cost solvent extraction- electrowinning (SX/EW) techniques.

The mineralisation is contained in quartz monzonite rocks surrounding a rhyodacite porphyry. Further trench sampling at the end of 2008 lead us to believe that much of this 'annulus' is mineralised and that we have only drilled a portion of it to date. The tonnage indications are significant, representing a potentially world class deposit which could be open-pittable with oxides at surface. We now feel that the geological risks of this project have been reduced significantly.

At the Dong Mao Huo gold project resource definition drilling was completed and large scale bulk sampling was successfully carried out. Although this is a relatively modest resource it is situated in a very easily accessible area with roads and power on the property.

Central China Goldfields has continued to ensure good community relations at Nimu, visiting each house, explaining the programmes and negotiating appropriate land compensation for our activities. We have also ensured employment of the local people and that local cultures are fully respected. All staff have been given thorough training in community relations issues prior to the 2008 field season which helped enormously and we have continued to emphasise the importance of health, safety and environmental work.

Given the current economic downturn, the company has adjusted its cost base to reflect ongoing economic realities whilst retaining the flexibility to respond as circumstances change.

Our progress throughout the year could not have been achieved without the hard work of all our employees. Therefore, in closing, on behalf of the Board of Directors, I would like to thank all of them for their dedication over the past period and also our investors for their support in these challenging times.

Latest developments:

The company completed the transaction for the sale of the Snow Mountain Project and has since secured the vesting of the initial 30% interest in the Nimu project. Given the current market situation we are looking at alternate strategies for Dong Mao Huo and we are actively talking to potential strategic partners to develop Nimu.

In line with the strategy outlined above, in early May 2009, we concluded a Contract Mining deal with a subsidiary of CITIC-Anhua, part of a large Chinese Government Investment Company, to develop and mine the Dong Mao Huo deposit. Central China Goldfields will receive a fixed income of RMB 1.5 million per annum during the oxide phase of the mining and 30% of the net profit during the potentially more lucrative sulphide phase, as well as recovering some past expenditure.

On 2nd June 2009, the Company announced that the Sichuan Bureau of Metallurgy and Geological Exploration has approached the Company with a view to acquiring the Company's interest in the Nimu Project. At the present time the terms of any transaction, including the level of consideration, is unclear and there is no certainty that a formal offer will be forthcoming. Should a formal offer be made this is likely to constitute a fundamental change of business as defined by the AIM Rules for Companies and will therefore be subject to shareholder approval.

Nigel Clark
Beijing
5 June 2009

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2008

	Note	1 Jan to 31 Dec 2008	1 Jan to 31 Dec 2007
		£	£
Administrative expenses		(1,182,100)	(2,114,637)
OPERATING LOSS	1	(1,182,100)	(2,114,637)
Investment revenues - interest on bank deposits		15,519	128,052
LOSS BEFORE TAX		(1,166,581)	(1,986,585)
Tax	2	-	-
LOSS FOR THE FINANCIAL PERIOD		(1,166,581)	(1,986,585)
ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE PARENT		(1,166,581)	(1,986,585)
BASIC LOSS PER SHARE	3	(0.009)	(0.017)

All of the activities of the Group are classed as continuing.

CONSOLIDATED BALANCE SHEET
31 December 2008

		2008	2007
	Note	£	£
NON-CURRENT ASSETS			
Goodwill	4	126,148	46,887
Other intangible assets	4	7,726,808	4,288,066
Property, plant and equipment	5	83,525	62,420
Marketable securities	6	-	428,266
		<u>7,936,481</u>	<u>4,825,639</u>
CURRENT ASSETS			
Other receivables	7	3,763,815	65,322
Cash and cash equivalents		63,598	1,620,463
		<u>3,827,413</u>	<u>1,685,785</u>
TOTAL ASSETS		<u>11,763,894</u>	<u>6,511,424</u>
CURRENT LIABILITIES			
Other payables	8	(4,185,291)	(360,067)
TOTAL LIABILITIES		<u>(4,185,291)</u>	<u>(360,067)</u>
NET ASSETS		<u>7,578,603</u>	<u>6,151,357</u>
EQUITY			
Share capital	10	1,455,339	1,206,819
Share premium account	11	8,105,920	7,471,937
Warrant reserve	11	492,329	517,743
Share option reserve	11	310,400	494,079
Translation reserve	11	1,649,176	6,710
Retained losses	11	(4,707,240)	(3,751,292)
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		<u>7,305,924</u>	<u>5,945,996</u>
Minority Interest		<u>272,679</u>	<u>205,361</u>
TOTAL EQUITY		<u>7,578,603</u>	<u>6,151,357</u>

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2008

	1 Jan to 31 Dec 2008	1 Jan to 31 Dec 2007
	£	£
Operating loss	(1,182,100)	(2,114,637)
Depreciation	14,354	6,285
Impairment charge on intangible assets and goodwill	378,402	-
Non-cash loss on impairment of marketable securities	13,207	258,722
Loss on disposal of marketable securities	295,422	-
Gain on disposal of intangible assets	(1,114,011)	-
Effect of foreign exchange translation	(3,627)	82,595
Loss on disposal of property, plant and equipment	-	1,962
Stock option expense	1,540	240,000
Non-cash cost of warrants exercised	-	129,476
Change in receivables and other current assets – (Increase) / Decrease	(3,698,493)	841,488
Change in payables – Increase / (Decrease)	3,825,224	222,682
NET CASH USED IN OPERATING ACTIVITIES	(1,470,082)	(331,427)
INVESTING ACTIVITIES		
Proceeds on sale of intangible assets	3,423,365	-
Proceeds on sale of marketable securities	115,995	-
Investment in marketable securities	-	(686,988)
Acquisitions of property, plant and equipment	(10,207)	(68,705)
Acquisitions of other intangible assets	(4,452,521)	(2,081,396)
Interest received	15,519	128,052
Acquisitions of subsidiaries and minority interests	(61,436)	-
NET CASH USED IN INVESTING ACTIVITIES	(969,285)	(2,709,037)
FINANCING ACTIVITIES		
Issue of equity share capital	248,520	63,828
Share premium on issue of equity share capital	651,000	564,456
Share issue costs	(17,018)	19,226
NET CASH FROM FINANCING ACTIVITIES	882,502	647,510
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(1,556,865)	(2,392,954)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,620,463	4,013,417
CASH AND CASH EQUIVALENTS AT END OF PERIOD	63,598	1,620,463

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2008

1. OPERATING LOSS

	1 Jan to 31 Dec 2008	1 Jan to 31 Dec 2007
	£	£
Operating loss is after charging		
Auditors' remuneration - as auditors	16,524	20,338
Loss on disposal of marketable securities	295,422	258,722
Impairment charges for the year	391,609	-
Stock option expense	1,540	240,000
Foreign exchange (gains) / losses	(331,224)	82,595
Depreciation of tangible assets	14,354	6,285
Loss on disposal of fixed assets	-	1,962
Gain on disposal of other intangible assets	1,114,011	-
	<u>16,524</u>	<u>20,338</u>
<u>The analysis of auditors' remuneration is as follows:</u>		
Fees payable to the Company's auditors for the audit of Company's accounts	15,000	18,000
Fees payable to the Company's auditors and their associates for other services to the Group	-	-
The audit of the Company's subsidiaries*	1,524	2,338
	<u>16,524</u>	<u>20,338</u>
Total audit fees	<u>16,524</u>	<u>20,338</u>
TOTAL	<u>16,524</u>	<u>20,338</u>

* The audits of Zhongcheng Limited, Lhasa Tianli Mining Company Limited, Baotou Ltd and United Kingdom Central China Goldfields plc Beijing Representative Office were carried out by the subsidiaries' local auditors in the People's Republic of China.

2. TAX

	1 Jan to 31 Dec 2008	1 Jan to 31 Dec 2007
	£	£
Current tax	-	-
Deferred tax	-	-
	<u>-</u>	<u>-</u>
Tax expense for the year	<u>-</u>	<u>-</u>

Until it is probable that sufficient taxable profits will be available to allow all or partial recovery of deferred tax assets of £1,334,209 (2007 - £984,235), the accounting benefit of tax losses will not be reflected in the accounts.

The charge for the year can be reconciled to the loss per the income statement as follows:

	1 Jan to 31 Dec 2008	1 Jan to 31 Dec 2007
	£	£
Loss for the year	(1,166,581)	(1,986,585)
	<u>(1,166,581)</u>	<u>(1,986,585)</u>
Tax at the UK corporation tax rate of 30%	(349,974)	(595,976)
Tax losses carried forward	349,974	595,976
	<u>-</u>	<u>-</u>
Tax expense for the year	<u>-</u>	<u>-</u>

3. LOSS PER SHARE

a) Basic loss per share

Basic loss per share is calculated by dividing the profit for the year by the weighted average number of shares in issue during the year. The weighted average number of shares used is 131,113,392 (2007 - 118,357,323).

b) Diluted loss per share

International Accounting Standard 33 requires presentation of diluted earnings per share when a Company could be called upon to issue shares that would decrease the net profit or increase the net loss per share. For a loss making Company with outstanding options, net loss per share would only be increased by the exercise of out-of-money options. Since it seems inappropriate to assume that option holders would exercise out-of-money options, no adjustment has been made to diluted loss per share for out-of-money share options.

c) Headline loss per share

The Group presents an alternative measure of loss per share after excluding all capital gains and losses from the loss attributable to ordinary shareholders. The impact of this is as follows:

2008	2007
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Basic		
Loss per share	(0.009)	(0.017)
Effect of loss on disposal of property, plant and equipment	-	-
	<u> </u>	<u> </u>
Adjusted loss per share	<u>(0.009)</u>	<u>(0.017)</u>

4. INTANGIBLE FIXED ASSETS
For the year ended 31 December 2008

Group	Goodwill	Deferred Exploration Costs	Total
	£	£	£
Cost and carrying amount			
At 1 January 2008	46,887	4,288,066	4,334,953
Additions	126,148	4,452,521	4,578,669
Disposals	-	(2,309,354)	(2,309,354)
Impairment charge for the year	(46,887)	(331,515)	(378,402)
Effect of foreign exchange translation	-	1,627,090	1,627,090
	<u> </u>	<u> </u>	<u> </u>
At 31 December 2008	<u>126,148</u>	<u>7,726,808</u>	<u>7,852,956</u>

The Goodwill addition relates to Baotou Inc. which has been included in the consolidation for the first time, details of this are included in note 20.

5. PROPERTY, PLANT AND EQUIPMENT

For the year ended 31 December 2008

Group	Fixtures, fittings & software £
Cost	
At 1 January 2008	68,705
Additions	10,207
Acquisitions	2,566
Disposals	-
Effect of foreign exchange translation	26,071
	<hr/>
At 31 December 2008	107,549
	<hr/>
Accumulated depreciation	
At 1 January 2008	6,285
Charge for the year	14,354
Disposals	-
Effect of foreign exchange translation	3,385
	<hr/>
At 31 December 2008	24,024
	<hr/>
Carrying amount	
At 31 December 2008	83,525
	<hr/> <hr/>
Carrying amount	
At 31 December 2007	62,420
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6. MARKETABLE SECURITIES

For the year ended 31 December 2008

Group and Company

	Year ended 31 Dec 2008 £	Year ended 31 Dec 2007 £
Cost and carrying amount		
Opening balance	428,266	-
Additions	-	686,988
Disposals	(411,417)	-
Impairment charge for the year	(13,207)	(258,722)
Effect of foreign exchange translation	(3,642)	-
	<hr/>	<hr/>
Closing balance	-	428,266
	<hr/> <hr/>	<hr/> <hr/>
Net book value		
Closing balance	-	428,266
	<hr/> <hr/>	<hr/> <hr/>

7. OTHER RECEIVABLES

	Group 2008	Group 2007	Company 2008	Company 2007
	£	£	£	£
Receivables due from Group undertakings	-	-	5,233,945	4,246,686
Prepayments and other receivables	3,763,815	65,322	8,453	22,752
	3,763,815	65,322	5,242,398	4,269,438

Included in prepayments and other receivables of the Group at 31 December 2008, is £3,436,011 receivable from the sale of the Snow Mountain project (RMB 35,000,000) (2007 – nil).

8. OTHER PAYABLES

	Group 2008	Group 2007	Company 2008	Company 2007
	£	£	£	£
Trade payables	120,291	76,809	17,345	65,484
Payables due to Minority Shareholders	3,989,193	257,399	-	-
Non-trade payables and accrued expenses	75,807	25,859	68,992	23,587
	4,185,291	360,067	86,337	89,071

Included in payables due to Minority Shareholders of the Group at 31 December 2008, is property payment payables of £2,901,998 (RMB 28,800,000) (2007 – nil) and drilling payables of £1,087,195 (RMB 10,789,532) (2007 – nil).

9. RELATED PARTY TRANSACTIONS

No individual party had overall control of the Company or Group during the period and no transactions were undertaken with related parties, neither during the current nor comparative financial years, being of a nature requiring disclosure under IFRS's.

10. SHARE CAPITAL

	2008		2007	
	£		£	
Authorised share capital				
500,000,000 ordinary shares of £0.01 each	5,000,000		5,000,000	
	No.	£	No.	£
Called up, allotted and fully paid				
Ordinary shares of £0.01 each	145,533,858	1,455,339	120,681,873	1,206,819

Issue of shares

During 2008, 24,851,985 1p ordinary shares were issued, as follows:

- (i) 3,136,000 shares at 7 pence
- (ii) 17,641,633 shares at 3 pence
- (iii) 4,074,352 shares at 3.7 pence

Share Warrants

The group has 15,067,250 (2007- 16,067,250) share purchase warrants outstanding at a weighted average exercise price of 10.06 pence (2007 – 9.94 pence).

11. RESERVES

For the year ended 31 December 2008

Group	Warrant reserve £	Share option reserve £	Share premium account £	Retained losses £	Translation reserve £
At 1 January 2008	517,743	494,079	7,471,937	(3,751,292)	6,710
Loss for the year	-	-	-	(1,166,581)	-
Premium arising on issue of equity shares	-	-	651,000	-	-
Grant of share options	-	1,540	-	-	-
Movement during the year	-	-	-	-	1,642,466
Cost of lapsed warrants / options	(25,414)	(185,219)	-	210,633	-
Issue costs	-	-	(17,017)	-	-
At 31 December 2008	<u>492,329</u>	<u>310,400</u>	<u>8,105,920</u>	<u>(4,707,240)</u>	<u>1,649,176</u>

Company	Warrant reserve £	Share option reserve £	Share premium account £	Retained losses £
At 1 January 2008	517,743	494,079	7,471,937	(3,620,993)
Loss for the year	-	-	-	(1,382,298)
Premium arising on issue of equity shares	-	-	651,000	-
Grant of share options	-	1,540	-	-
Cost of lapsed warrants / options	(25,414)	(185,219)	-	210,633
Issue costs	-	-	(17,017)	-
At 31 December 2008	<u>492,329</u>	<u>310,400</u>	<u>8,105,920</u>	<u>4,792,658</u>

Warrant reserve

Group and Company	Warrants in issue	Warrant reserve £
At 31 December 2008	<u>15,067,250</u>	<u>492,329</u>
At 31 December 2007	<u>16,067,250</u>	<u>517,743</u>

Stock Option Reserve

	Stock options in issue	Stock option reserve £
Group and Company At 31 December 2008	10,000,000	310,400
Group and Company At 31 December 2007	12,520,000	494,079

(i) Share options granted during the year ended 31 December 2008 were valued by the Directors using the Black-Scholes valuation model, based upon the following assumptions:

- Term range of three years
- Expected dividend yield of nil
- Risk free interest rate of 2%
- Share price volatility of 50%
- Current share price of 4 pence.

12. POST BALANCE SHEET EVENTS

- (i) At the end of December 2008, the Company announced placements for a combination of 13,833,333 shares at 1.5 pence. These shares were not issued until January 2009 and are therefore not included in these accounts.