JINSHAN GOLD MINES INC.
(Formerly known as Pacific Minerals Inc.)

Consolidated Financial Statements
For the quarter ended March 31, 2004
(Unaudited)
(Stated in U.S. dollars)

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JINSHAN GOLD MINES INC.
(Formerly known as Pacific Minerals Inc.)
Consolidated Balance Sheets
(Unaudited)
(Stated in U.S. dollars)

	March 31, 2004 (Unaudited)	December 31, 2003
ASSETS		
CURRENT		
Cash	**$ 6,854,634**	$ 7,903,819
Accounts receivable	**125,570**	101,756
Receivable from related party (Note 4(b))	**109,521**	3,763
Prepaid expenses	**95,010**	108,004
	7,184,735	8,117,342
PROPERTY, PLANT AND EQUIPMENT	**100,955**	101,420
	$ 7,285,690	$ 8,218,762
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 435,948**	$ 331,644
SHAREHOLDERS' EQUITY		
Share capital (Note 3)	**16,408,292**	16,326,789
Contributed surplus	**1,907,169**	1,865,009
Cumulative translation adjustments	**460,850**	460,850
Deficit	**(11,926,569)**	(10,765,530)
	6,849,742	7,887,118
	$ 7,285,690	$ 8,218,762

APPROVED BY THE BOARD

"Ed Flood"
Director

"Pierre Lebel"
Director

JINSHAN GOLD MINES INC.
(Formerly known as Pacific Minerals Inc.)
Consolidated Statements of Operations and Deficit
(Unaudited)
(Stated in U.S. dollars)

	Three months ended March 31, 2004	2003 (Note 2)
EXPENSES		
Administration and office	$ **136,427**	$ 44,798
Amortization	**8,684**	7,453
Investor relations	**33,168**	18,098
Travel	**57,134**	44,723
Exploration expenses (Note 2 and Schedule)	**538,300**	255,858
Professional fees	**77,988**	36,376
Salaries and benefits	**91,645**	20,072
Stock-based compensation (Note 2)	**90,037**	385,036
Shareholder information, transfer agent and filing fees	**27,171**	13,861
	1,060,554	826,275
OTHER INCOME/(EXPENSES)		
Interest income	**13,447**	17,492
Foreign exchange loss	**(113,932)**	(54,323)
Other income	**-**	2,100
	(100,485)	(34,731)
NET LOSS	$ **(1,161,039)**	$ (861,006)
DEFICIT, BEGINNING OF PERIOD		
As previously reported	**(10,765,530)**	(1,882,871)
Adjustment to reflect accounting changes:		
Mineral properties (Note 2)	**-**	(2,070,239)
Stock-based compensation (Note 2)	**-**	(568,953)
As restated	**(10,765,530)**	(4,522,063)
DEFICIT, END OF PERIOD	$ **(11,926,569)**	$ (5,383,069)
BASIC AND DILUTED LOSS PER SHARE	$ **(0.03)**	$ (0.02)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	**45,737,149**	36,582,698

JINSHAN GOLD MINES INC.
(Formerly known as Pacific Minerals Inc.)
Consolidated Statements of Cash Flows
(Unaudited)
(Stated in U.S. dollars)

	Three months ended March 31, 2004	Three months ended March 31, 2003 (Note 2)
OPERATING ACTIVITIES		
Net loss	**$ (1,161,039)**	$ (861,006)
Items not involving use of cash:		
Amortization	**8,684**	7,453
Stock-based compensation	**90,037**	385,036
Exploration expenses (Stock-based compensation)	**(29,686)**	-
Unrealized foreign exchange losses	**113,004**	175,289
	(979,000)	(293,228)
Change in non-cash operating working capital items (Note 6)	**(12,275)**	(71,789)
	(991,275)	(365,017)
INVESTING ACTIVITIES		
Redemption of short-term investments	**-**	641,355
Capital asset additions	**(8,219)**	(28,306)
	(8,219)	613,049
FINANCING ACTIVITY		
Issuance of common shares	**63,310**	239,678
NET CHANGE IN CASH FOR THE PERIOD	**(936,184)**	487,710
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	**(113,001)**	6,376
CASH, BEGINNING OF PERIOD	**7,903,819**	132,321
CASH, END OF PERIOD	**$ 6,854,634**	$ 626,407

1. Basis of Presentation

The accompanying interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). However, they do not include all the information and disclosures required by Canadian GAAP for annual financial statements. They have been prepared using the same accounting policies and methods of applications as the latest annual consolidated financial statements. In the opinion of management, all adjustments of a normal recurring nature necessary for a fair presentation have been made. The results for interim periods are not necessarily indicative of results for the entire year. The information contained in the interim financial statements should be read in conjunction with the Company's latest annual consolidated financial statements for the year ended December 31, 2003 and the notes thereto.

The unaudited consolidated financial statements include the accounts of Jinshan and all its subsidiaries. The principal subsidiaries of the Company are Pacific PGM Inc., Yunnan Copper-Silver Mining Inc., Yunnan Platinum and Palladium Inc., Pacific Gold Mining Inc. and Canadian Pacific Minerals Ltd. All significant inter-company transactions and balances have been eliminated for the purpose of these financial statements.

The prior year figures have been reclassified to conform with current year presentation.

2. Comparative Figures

The comparative figures in these interim consolidated financial statements have been restated to give retroactive effect to the accounting changes with respect to mineral properties, reporting currency, functional currency and stock-based compensation as described in Note 4 to the annual consolidated financial statements of the Company for the year ended December 31, 2003. The effect of the restatement has resulted in an increase of $472,771 ($0.01 per share) in the net loss for the three months ended March 31, 2003.

(Stated in U.S. dollars)

3. Share Capital

Since December 31, 2003, the Company has issued the following share capital :

Authorized
100,000,000 common shares without par value
100,000,000 preferred shares without par value

Issued and outstanding common shares were as follows:	Number of Shares	Amount
Balance, December 31, 2003	45,594,264	$ 16,326,789
Shares issued for cash for:		
Exercise of warrants	140,000	43,994
Exercise of options	37,017	21,649
Transfer from contributed surplus on exercise of options	-	18,193
Share issue costs	-	(2,333)
Balance, March 31, 2004	45,771,281	$ 16,408,292

Stock-based Compensation – Directors, Officers and Employees

On January 26, 2004, the Company granted 25,000 stock options to certain directors, officers and employees at an exercise price of CDN $2.36 with an expiry date of January 26, 2009. A compensation cost of $41,679 will be amortized over the vesting period.

Outstanding stock options and warrants

As at March 31, 2004, there were 2,732,884 stock options outstanding with exercise prices and expiry dates ranging from CDN $0.73 to CDN $3.60 and August 31, 2004 to January 26, 2009, respectively. During the three months ended March 31, 2004, 172,042 options were cancelled, with exercise prices and expiry dates ranging from CDN $0.73 to CDN $1.05 and October 20, 2004 to August 6, 2008.

As at March 31, 2004, there were 11,100,000 warrants outstanding with exercise prices and expiry dates ranging from CDN $1.00 to CDN $1.70 and July 2, 2004 to December 12, 2005, respectively.

(Stated in U.S. dollars)

4. Related Party Transactions

(a) The Company incurred the following expenses, on a cost recovery basis, with companies related by way of directors or shareholders in common:

	March 31, 2004	March 31, 2003
Exploration	$ -	$ 26,070
Office and administration	100,287	1,523
Salaries and benefits	109,145	10,920
	$ 209,432	$ 38,513

(b) Exploration expenses of $103,327 were recoverable from Ivanhoe, on a cost recovery basis, during the three months ended March 31, 2004 (2003 – $60,666). At March 31, 2004, an amount of $109,521 (December 31, 2003 - $580) was receivable from Ivanhoe.

(c) Accounts payable at March 31, 2004 included $77,327 (December 31, 2003 - $72,952) which was due to a company under common control or companies related by way of directors in common.

5. Segmented Information

(a) Industry Information

The Company operates in one reportable operating segment, being the acquisition and exploration of mineral resource properties.

(b) Geographic Information

	China	Canada	Total
As at March 31, 2004			
Property, plant and equipment	$ 75,078	$ 25,877	$ 100,955
As at December 31, 2003			
Property, plant and equipment	$ 74,618	$ 26,802	$ 101,420

(Stated in U.S. dollars)

6. Supplemental Cash Flow Information

	Three months ended March 31, 2004	2003
Net (increase) decrease in:		
Accounts receivable	**$ (23,814)**	$ (48,733)
Interest receivable	**-**	(8,112)
Royalty receivable	**-**	48,333
Receivable from related party	**(105,758)**	(21,543)
Prepaid expenses	**12,993**	(10,142)
Accounts payable and accrued liabilities	**104,304**	(31,592)
	$ (12,275)	$ (71,789)

7. Subsequent Events

Subsequent to March 31, 2004 the Company and Ivanhoe Mines Ltd. ("IVN") signed a Definitive Agreement to restructure their mineral exploration and development joint venture dated May 31, 2003. The revised agreement reduced from 80% to 50% the maximum interest IVN can earn in the 217 Gold Project, the JBS Platinum and Palladium Projects and the Dandong (QCZ) Gold Project. The revised agreement provides that IVN and the Company will immediately form a 50/50 joint venture on each of these three projects and that IVN will reimburse the Company for 50% of expenditures incurred to date. IVN retains the right to earn up to an 80% interest in any new projects acquired by the Company in China. In addition, IVN has agreed to transfer to the Company 50% of its interest in the Shuteen exploration license which is located in southern Mongolia. IVN has the right to earn an 80% interest in the Shuteen exploration license by spending $1.5 million on exploration before December 31, 2004. To date, IVN has spent approximately $1.4 million on this property. In exchange for the transfer of the interest in the Shuteen exploration license and agreeing to the restructuring of the mineral exploration and development joint venture, the Company has agreed to issue to IVN 2.5 million Common Shares.

On May 6, 2004 IVN has reimbursed the Company an aggregate of $2.3 million for all projects, including expenditures on the 217 Gold Project, the JBS Platinum and Palladium Projects and the Dandong (QCZ) Gold Project to April 20, 2004.

JINSHAN GOLD MINES INC.

(Formerly known as Pacific Minerals Inc.)

Consolidated Schedule of Exploration Expenses

(Unaudited)

(Stated in U.S. dollars)

		Gold Projects			Copper Projects			March 31, **2004**
	Generative	217 Gold	Dandong (QCZ)	JBS Platinum & Palladium	Zhaotong	Huize-Xuanwei	Guizhou	Total
Payments to joint venture companies & partners	$ -	$ 45,000	$ -	$ -	$ -	$ -	$ 50,000	$ 95,000
Drilling consultants	-	678	-	-	-	-	-	678
Geological consultants	94,858	23,373	-	7,496	4,295	13,764	6,702	150,489
Engineering & other consultants	8,218	58,962	-	4,202	-	-	-	71,382
Project management	41,311	4,800	600	5,044	3,315	5,903	60	61,033
Maps & reproductions	7,972	7,578	247	327	-	-	-	16,123
Sampling and assaying	3,788	49,551	2,002	11,736	7,012	8,637	1,833	84,559
General & administrative	7,423	9,882	8,185	8,151	1,973	76	23	35,713
Salaries & benefits	3,659	20,351	61	8,062	455	40	-	32,629
Travel	40,392	23,157	15,744	16,203	9,723	8,036	10,454	123,708
Amount recovered / recoverable	-	-	(26,839)	-	(23,724)	(18,228)	(34,536)	(103,327)
	$ 207,622	$ 243,331	$ (0)	$ 61,220	$ 3,050	$ 18,228	$ 34,536	$ 567,986
Stock-based compensation								(29,686)
								$ 538,300

		Gold Projects			Copper Projects			March 31, **2003**
	Generative	217 Gold	Dandong (QCZ)	JBS Platinum & Palladium	Zhaotong	Huize-Xuanwei	Guizhou	Total
Drilling and other consultants	$ -	$ 64,411	$ -	$ 50,331	$ -	$ -	$ -	114,742
Geological consultants	-	75,759	11,823	96,344	5,846	5,842	6,168	$ 201,782
Amount recovered / recoverable	-	(45,826)	(5,912)	-	(2,923)	(2,921)	(3,084)	(60,666)
	$ -	$ 94,344	$ 5,911	$ 146,675	$ 2,923	$ 2,921	$ 3,084	$ 255,858

JINSHAN GOLD MINES INC.
(formerly Pacific Minerals Inc.)
Schedule B – Supplementary Information
March 31, 2004
(Stated in U.S. dollars)

1. Securities Issued

For the quarter ended March 31, 2004, the following common shares were issued:

Date	Security	Type	Number	Price Cdn $	Proceeds	Consideration	Commission
1/7/2004	Common shares	Warrant exercise	140,000	$ 0.40	$ 43,994	Cash	Nil
1/21/2004	Common shares	Option exercise	6,250	0.90	4,206	Cash	Nil
2/16/2004	Common shares	Option exercise	10,000	0.73	5,451	Cash	Nil
2/23/2004	Common shares	Option exercise	2,500	0.90	1,680	Cash	Nil
3/11/2004	Common shares	Option exercise	6,667	0.73	3,662	Cash	Nil
3/19/2004	Common shares	Option exercise	5,000	0.80	3,017	Cash	Nil
3/19/2004	Common shares	Option exercise	6,600	0.73	3,633	Cash	Nil
			177,017		$ 65,643		

For the quarter ended March 31, 2004, the following share purchase options were granted:

Date	Number	Optionee	Price Cdn $	Expiry Date
26-Jan-04	25,000	Employees	$ 2.36	26-Jan-09

(Stated in U.S. dollars)

2. Securities Outstanding

As at March 31, 2004, the following securities were outstanding:

(a) The Company is authorized to issue an unlimited number of common shares without par value.

(b) There are 45,771,281 common shares outstanding with a recorded value of $16,408,292.

(c) Summary of options and warrants outstanding as at March 31, 2004:

Description	Number outstanding	Exercise Price Cdn $	Expiry Date
Warrants	5,100,000	$ 1.00	2-Jul-04
Warrants	2,000,000	1.10	11-Oct-04
Warrants	4,000,000	2.20	12-Dec-05
	11,100,000		
Options	250,000	$ 0.90	1-Jun-07
Options	40,000	1.05	30-Jun-05
Options	1,250	0.90	31-Aug-04
Options	40,000	0.90	31-Aug-05
Options	110,000	0.90	31-Aug-07
Options	37,500	0.90	20-Oct-04
Options	260,000	1.16	17-Feb-08
Options	588,050	0.80	8-May-08
Options	1,306,084	0.73	6-Aug-08
Options	75,000	3.60	18-Nov-08
Options	25,000	2.36	26-Jan-09
	2,732,884		

3. Directors and Officers

Jay Chmelauskas, President & Director
Pierre Lebel, Chairman & Director
Dan Kunz, Director
Edward Flood, Director
Ian He, Director
Peter Meredith, Director
Michael Page, Vice President
X.D. Jiang, Vice President Business Development
Greg Shenton, Chief Financial Officer
Beverly Bartlett, Secretary
Saundra Karlson, Assistant Secretary

JINSHAN GOLD MINES INC.
(Formerly known as Pacific Minerals Inc.)

Management Discussion and Analysis of Financial Condition and Results of Operations
For the quarter ended March 31, 2004
(Unaudited)
(Stated in U.S. dollars)

Suite 654, 999 Canada Place, Vancouver, B.C. Canada V6C 3E1
Tel: 604-609-0598 Fax: 604-688-8391 E-mail: info@jinshanmines.com, www.jinshanmines.com

Overview

Jinshan Gold Mines Inc. ("Jinshan") is a development stage company engaged in the acquisition and exploration of mineral properties in the People's Republic of China ("China"). Jinshan and its subsidiaries are collectively referred to as the "Company". Jinshan is a reporting issuer in British Columbia and trades on the TSX Venture Exchange under the symbol JIN.

- Change of Name

  On March 8, 2004, the Pacific Minerals Inc. changed its name to Jinshan Gold Mines Inc. in order to more accurately reflect the company's focus on mineral exploration, development and production in China

- New mineral property agreements

  The Company has signed a memorandum of understanding with the Yunnan Geology & Mineral Resources Company ("YGMRC") that gives the Company the exclusive right until September 1, 2004, to form a joint venture on YGMRC's Langdu (Zhongdian) copper-gold porphyry project in northwestern Yunnan Province, China. Regional exploration by YGMRC on the 730-square-kilometre project has outlined more than a dozen prospects containing porphyry copper-gold, skarn copper-gold and epithermal gold mineralization.

  The Company has signed an option agreement with the Bureau of Geology and Mineral Resources (BGMR) of Shandong Province, People's Republic of China, that gives Jinshan an exclusive right to form a joint venture on BGMR's exploration permit areas in Shandong's PingYi County. Under the terms of the option agreement, Jinshan has the right to carry out a six-month exploration program on the areas covered by BGMR's exploration permits. The exploration program will focus on identifying prospective targets that warrant more extensive exploration. If Jinshan is successful in identifying areas in which it believes further exploration is warranted, Jinshan will have the right to form a joint venture with BGMR in which Jinshan would earn a 70% interest by contributing 70% of the registered capital to the joint-venture company.

- Funding and mineral exploration agreements with Ivanhoe Mines Ltd. ("Ivanhoe")

  In the May 2002, the Company granted Ivanhoe, for a period of ten years, the first right of refusal to participate in any mineral property interest acquired in China by the Company. For each new project, Ivanhoe and the Company would each contribute equally on the first $1 million expenditure per project. Thereafter, the Company would retain a carried interest in the project through to development.

  On April 20, 2004, Ivanhoe and the Company entered into a definitive agreement to restructure their May 2002 mineral exploration and development joint venture. This agreement will reduce from 80% to 50% Ivanhoe's maximum earn-ins on the Company's interests in the Company's most significant projects in China, including the 217 Gold Project in the Inner Mongolia Region, the Dandong (QCZ) Gold Project in Liaoning Province, and the JBS Platinum and Palladium development and exploration projects in Yunnan Province**.** In April, 2004 Ivanhoe reimbursed the Company a total of $2.3 million representing 50% of expenditures incurred to date on these three projects. Ivanhoe retains the right to earn up to 80% of the available interest in any new projects acquired by the Company in China (excluding properties acquired by the Company in Anhui and Liaoning provinces), under terms similar to those announced in June, 2002. The revised agreement also contains a mutual non-compete clause, whereby the Company agrees not to compete for any new mineral properties in the Inner Mongolia Region and Ivanhoe undertakes not to compete for any new mineral properties in Liaoning Province.

In addition, Ivanhoe has transfered to the Company 50% of its interest in the Shuteen exploration licence in southern Mongolia. Ivanhoe acquired the right to earn an 80% interest in Shuteen in early 2002 by undertaking to complete a $1.5 million exploration program before December 31, 2004. To date, Ivanhoe has spent approximately $1.4 million on the project.

In exchange for the transfer of the interest in the Shuteen Property and agreeing to the restructuring of the mining exploration agreement, the Company has issued to Ivanhoe 2.5 million Common Shares. Ivanhoe also may, in appropriate circumstances, make available to the Company future opportunities in Mongolia and China. If any such opportunity falls within a 20-kilometre radius of Ivanhoe's then existing properties, Ivanhoe will retain the right to earn up to 80% of the available interest.

- Change of Management

  On March 8, 2004, Mr. Jay Chmelauskas was appointed President of Jinshan replacing Mr. Daniel Kunz. Mr. Chmelauskas also joined the board of directors at this time.

Critical Accounting Estimates

A detailed summary of all of the Company significant accounting policies is included in Note 3 to the annual Consolidated Financial Statements for the year ended December 31, 2003.

Management is required to make assumptions and estimates that affect the valuation of its mineral properties. The carrying value of each property currently in the exploration or development stage is evaluated as to the project economics, including the timing of the exploration and/or development work, the work programs and the exploration results experienced by the Company or others. The review of the carrying value of each producing property is made by reference to the estimated future operating results and net cash flows. When the carrying value of a property exceeds its estimated net recoverable amount, provision is made for the decline in value.

All direct costs related to the acquisition of mineral property interests are capitalized by property. Exploration costs are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized. Exploration costs include value-added taxes incurred in foreign jurisdictions when recoverability of those taxes is uncertain.

Future income tax assets and liabilities are computed based on differences between the carrying amounts of assets and liabilities on the balance sheet and their corresponding tax values, using the enacted or substantially enacted, as applicable, income tax rates at each balance sheet date. Future income tax assets also result from unused loss carry-forwards and other deductions. The valuation of future income tax assets is reviewed quarterly and adjusted, if necessary, by use of a valuation allowance to reflect the estimated realizable amount.

The Company accounts for stock options granted to directors, officers, employees and non-employees using the fair value method of accounting. Accordingly, the fair value of the options at the date of the grant is determined using the Black-Scholes option pricing model and stock-based compensation is accrued and charged to operations, with an offsetting credit to contributed surplus, on a straight-line basis over the vesting periods. The fair value of stock options granted to non-employees is re-measured at the earlier of each financial reporting or vesting date, and any adjustment is charged or credited to operations upon re-measurement. Option pricing models require the input of highly subjective assumptions regarding the expected volatility. Changes in assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options at the date of the grant or thereafter

Forward Looking Statements

Except for statements of historical fact relating to the Company, certain information contained herein constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other ecological data, fluctuating metal prices, the possibility of project costs overruns or unanticipated costs and expenses, uncertainties relating to the availability and costs of financing needed in the future and other factors described in this report under the heading "Outlook". The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

Exploration

Gold

a) 217 Gold Project

Property description - The 217 Gold project consists of a licensed area of 36 km^2 in the western part of Inner Mongolia, northern China. The 217 Gold project is centrally positioned within the east-west-trending Tian Shan Gold Belt. This prolific gold belt hosts seven major gold mines that have collectively produced more than 70 million ounces of gold and have approximately 100 million ounces remaining in reserves and resources. The site is approximately 650 km northwest of Beijing and 160 km south of Ivanhoe's major gold and copper discovery at Turquoise Hill (Oyu Tolgoi), in southern Mongolia.

Option agreement- In April 2002, the Company entered into a joint venture agreement with a Chinese partner to acquire a 96.5% interest in the 217 Gold project. Under the terms of the agreement, the Company earned a 55% interest in the project by paying $250,000 to the joint venture company Ningxia Pacific Mining Co. Ltd. ("NPM"). The Company can earn an additional 41.5% interest by making, over a three year period, payments totaling $750,000 to the Chinese partner. Finally, the Chinese partner is also entitled to receive from the Company two $1 million payments, the first one being when the decision is made to start construction of a mining operation and the second, thirty days following commencement of commercial mining operations.

Up to March 31, 2004, the Company contributed $1,850,000 to NPM as registered capital, of which $300,000 was paid to the Chinese partner, and had incurred exploration and other expenditures aggregating $740,603.

Funding arrangement – Under the terms of the definitive agreement dated April 20, 2004, Ivanhoe and the Company will each fund 50% of the exploration expenditures on the 217 Gold project. Ivanhoe has reimbursed the Company $1.3 million representing 50% of its expenditures since inception of the project. If either party elects not to fund its proportionate share of future expenditures, then that party's participating interest in the joint venture will be diluted pursuant to a mutually acceptable dilution formula.

Exploration results

A 33 hole (6,054 meter) drilling program was completed at the end of September 2003. The objective of the diamond drilling program was to test the Southwest Zone with widely spaced holes, to test the immediate strike extension of the Northeast zone, and to in fill some of the Northeast Zone resources. A National Instrument 43-101 resource estimate prepared by Westervelt Engineering Ltd. was completed in February, 2004. This estimate indicates that the Southwest Zone, which lies 1,800 m south of the project's main deposit, the Northeast Zone, contains inferred resources of 14.79 million tonnes grading 1.25 grams per tonne ("g/t") gold using a 2-to-1 strip ratio. Combined with the previously defined in-pit resource in the Northwest Zone, the revised estimate for the 217 project as a whole is a measured and indicated gold resource of 29.2 million tonnes grading 0.95 g/t and an inferred resource of 21.6 million tonnes grading 1.17 g/t.

A new 43-101 resource estimate by Mario Rossi is currently being completed and will be available on SEDAR in late May 2004. This new resource estimate incorporates data from all drill holes completed in 2004 and utilized geostatistical modeling methods. This model was used by Independent Engineering of Australia as the basis for a scoping study which is also expected to be complete by the end of May, 2004.

Based on preliminary results from the scoping study, the Company has commenced a 6,600 metre drill program to target the Northeast Zone in order to move that portion of the resource from inferred to higher categories and also to test the Southwest Zone as a potential higher grade starter pit. In addition, the Company has commenced construction of a pilot plant which will confirm metallurgical recoveries and the head grade of leachable ore. This pilot plant is expected to be commissioned and test mining started in the third quarter of 2004. Exploration and pilot mining expenditures are expected to be $3.5 million during 2004.

b) Dandong (QCZ) Gold Project

Property description – The Dandong (QCZ) Gold project is situated in the eastern Liaoning Province, some 140 km southwest of the provincial capital of Shenyang and about 120 km northwest of Dandong, which lies on the Yalu River and border of North Korea. The project covers 480 km^2 of exploration permit located within an overall 790 km^2 area of interest. The gold deposits and occurrences in the Dandong (QCZ) project area form part of the Changbaishan gold province of north-eastern China, which comprises two main districts situated in the Jilin Province to the north and the Liaoning Province to the South.

Option agreement - The Company must pay the Chinese partner $4 million over six years and contribute an additional $16 million to the joint venture company, Liaoning Pacific Gold Mining Co Ltd. ("LPGM") in order to earn an 80% interest in LPGM. The Company can increase its interest to 90% through contributing an additional $10 million to LPGM. The first payment of $200,000 to the Chinese partner is due 6 months after formal approval has been obtained, and a further payment of $300,000 is due 12 months after formal approval has been obtained.

Up to March 31, 2004, the Company had contributed $880,000 to LGPM as registered capital and had incurred exploration and other expenditures aggregating $362,062.

Funding agreement – Under the terms of the definitive agreement dated April 20, 2004, Ivanhoe and the Company will each fund 50% of the exploration expenditures on the Dandong (QCZ) Gold project. Ivanhoe has funded $621,031 of project expenses representing 50% of expenditures since inception of the project. If either party elects not to fund its proportionate share of future expenditures, then that party's participating interest in the joint venture will be diluted pursuant to a mutually acceptable dilution formula.

Exploration results

The 2003 exploration program was based on geophysics (ground magnetics and IP profiling over selected targets), and sampling of recently completed trenches in order to select drill targets within the area of interest.

During the first quarter of 2004, some 2500 metres of drilling was completed on targets on the GCD and WDG exploration blocks located within the 480-square-kilometre project area. Targets on the GCD block were defined on the basis of geological mapping, grid geochemistry and geophysical surveying (magnetics and IP), whereas the drilling on the WGD block targeted along-strike and down-dip extensions of known mineralization occurring on adjacent mining leases. While drilling intersected only weakly mineralized zones of pyrite-pyrrhotite ±arsenopyrite mineralization on the GCD grid, significant mineralization was intersected in both drill holes completed in the WDG block; the results have been posted on the Company's website, www.jinshanmines.com.

The Company is currently in discussions with its joint venture partner to develop a work program for the 2004 field season.

Platinum & Palladium

JBS Platinum and Palladium Project

Property description – The JBS Platinum and Palladium project is located in the Yunnan Province and is situated approximately 200 km west of the capital city of Kunming. The JBS property, located within 45km of both rail connections and electrical power lines, comprise three Exploration Permits totaling 55.61 km2. The exploration permits are free of royalty obligations.

Option agreement – In October 2001, the Company negotiated a joint venture agreement with a Chinese partner in which the Company must make total cash contribution of $14 million over five years to earn a 70% interest in the joint venture company Yunnan Yunbao Platinum & Palladium Mining Co. Ltd. ("YYPP"). Amounts of $1.5 million and $12.5 million must be contributed to the joint venture company within two and five years, respectively, from October 1, 2001. Both the Company and the Chinese partner will share subsequent cash contributions and profits on a 70/30 basis.

Up to March 31, 2004, the Company had contributed $1,500,000 to YYPP as registered capital and had incurred exploration and other expenditures aggregating $522,663.

Funding agreement – Under the terms of the definitive agreement dated April 20, 2004, Ivanhoe and the Company will each fund 50% of the exploration expenditures on the JBS Platinum and Palladium project. Ivanhoe has reimbursed the Company $1.0 million representing 50% of its expenditures since inception of the project. If either party elects not to fund its proportionate share of future expenditures, then that party's participating interest in the joint venture will be diluted pursuant to a mutually acceptable dilution formula.

Resource Modeling

Resource consultants McDonald Speijers of Perth, Western Australia were retained to review past work, the current database, and to generate a resource block model of the JBS deposit. A site visit was completed at the end of September 2003. Upgrading the drill-hole database with the new stratigraphy, preparing the database for use in Datamine modeling package, and upgrading all cross-sections and log-sections for wire framing was completed in November 2003. All data was transferred to Perth for analysis, and an updated resource estimate was issued on May 13, 2004. The new estimate was prepared in conformance with the requirements set out in National Instrument 43-101 and is available on SEDAR at www.sedar.com.

This resource estimate considers higher cut-off grades than earlier Chinese bulk tonnage resource estimates, to better reflect the economic tonnages based on estimated underground mining costs in China. The revised block model (10 x 12.5 X 2 metre blocks) for the North JBS deposit focused on a higher grade core. At these cut-offs, the resource model has sufficient lateral continuity for conventional underground mining.

The Company is currently assessing the resource model and engineering scoping work that was carried out by a Chinese design institute. Together with its joint venture partner, the Company is developing and exploration program for 2004 to build off these updated results toward a potential production decision.

Metallurgical Testing

Two bulk underground samples were sent to Mintek of South Africa; metallurgical test work conducted on these samples confirmed earlier Chinese testing which resulted in PGE recoveries of 70% to 80%.

JBS Regional Project

In Q2'03 the Company started a reconnaissance exploration program within the same geologic belt as the JBS Platinum and Palladium project. During 2001 the JBS Joint Venture acquired approximately 363 km^2 in Exploration Permits scattered throughout the belt. In Q3 2003, the Joint Venture was granted an additional 918.10 km^2 of exploration permits giving it a position in this PGE - Nickel belt consisting of an aggregate of 1,332 km^2 under Joint Venture control.

Analysis of 4,761 regional stream sediment samples has highlighted numerous PGE anomalies within the Permits that require investigation. Preliminary field work has already identified previously unknown Ni mineralization and JBS type ultramafics. The geophysical contractor Fugro was chosen to fly a 4,000 line kilometre helicopter airborne magnetic survey. However, due to delays in the granting operational permits by regulatory agencies and the onset of the rainy season which has caused unsafe flying conditions, the survey will not commence before October 2004. Alternatively, the Company may advance the project with easy access, conducting surface geochemical programs, ground geophysics, as well as trenching and some tunneling if results warrant.

Copper Projects

Property description –In the summer of 2002, Chinese geoscientists announced their findings that copper occurrences in Yunnan, Sichuan and Guizhou provinces in China strongly resembled the style of copper mineralization which has been mined in the state of Michigan, USA for over one hundred years. Based on that announcement, the Company undertook to stake exploration permit areas in the northeast part of the Yunnan province. The staked areas are included in three separate joint venture agreements, namely the Zhaotong (North) project, the Huize-Xuanwei (South) project, both in Yunnan Province, and the Guizhou project, in neighboring Guizhou Province. Joint Venture permit areas in Yunnan cover some 2,900 km^2. The three copper projects are located approximately 460 km from Kunming.

Option agreements –

a) Zhaotong (North) Project

On December 2002, the Company entered into a joint venture agreement with a Chinese partner to develop the Zhaotong project. The Company must contribute $4 million to the joint venture over three years in order to earn a 70% interest in the joint venture company, Yunnan Xinzhao Copper Mining Co. Ltd. ("YXCM").

b) Huize-Xuanwei (South) Project

On December 2002, the Company entered into a joint venture agreement with a Chinese partner to develop the Huize-Xuanwei project. The Company must contribute $4 million to the Chinese joint venture over three years in order to earn a 75% interest in the joint venture company, Yunnan Xindian Mining Co. Ltd. ("YXM").

c) Guizhou Project

In November 2003, the Company entered a revised a joint venture agreement with a Chinese partner to explore in Guizhou Province. The Company has agreed to contribute $4 million to the Chinese joint venture over a three year period in order to earn a 75% interest after which the partners will contribute on a pro rata basis. The 75% equity interest will vest to the Company after the initial capital investment of $600,000. During this period each partner can dilute, but the maximum equity the Company can earn is 87.5%. The Company will control the board; however, if the Company's contribution to registered capital does not reach $1.34 million, control will shift to the Chinese partner. Exploration began with the regional evaluation of geology, geochemistry, and tectonics for both copper and gold deposits.

Although the original exploration concept was to focus on copper for all three joint ventures, gold opportunities will also be reviewed as southwest Guizhou and Yunnan are part of the famous "Golden Triangle" known for its sediment-hosted (resembles Carlin-style) mineralization. The earn-in requirements will also be assessed based on the revised scope of work.

Up to March 31, 2004, the Company has made contributions and had incurred exploration and other expenditures of $1,020,674 in respect of the Zhoatong (North) Project, $828,289 in respect of the Huize-Xuanwei (South) Project and $231,261 in respect of the Guizhou Project, of which 50% of each of the amounts paid have been recovered from Ivanhoe.

Funding agreement – On December 19, 2002, Ivanhoe exercised its right according to the private placement agreement with the Company dated May 31, 2002 to participate in the Zhaotong (North) project, the Huize-Xuanswei project and the Guizhou project. For each project, the Company and Ivanhoe agreed to contribute equally on the first $1 million of expenditure, with the property interest from the Chinese partner divided equally between them. Upon completion of the initial $1 million of expenditures, Ivanhoe will have the option to acquire 50% of the Company's interest in the project by completing a feasibility study. On completion of the feasibility study, Ivanhoe will have the option to acquire a further 20% of the Company's interest in the project by arranging the funding necessary to take the project to production.

Exploration results

The exploration results from 2003 are currently under review and little exploration activity has occurred during the first quarter of 2004. Priority has been given to the Company's other projects at this time with no exploration program contemplated for the remainder of 2004 at this time. The Company may redefine the scope of these projects to pursue more conventional copper-gold deposits. Fieldwork has commenced on the Guizhou property focused on Chalcocite copper mineralization, gold and gold-copper opportunities are also being assessed for this project.

(Expressed in U.S. Dollars)

Results of Operations

The operating results for the three months ended March 31, 2004, and December 31, 2003 are shown in the following table for ease of reference:

	Three months ended March 31, 2004	Three months ended December 31, 2003 *
	(Unaudited)	**(Unaudited)**
Expenses		
Administration and office	$ 136,427	$ 145,319
Amortization	8,684	1,018
Investor relations	33,168	3,442
Exploration expenses	538,300	1,955,105
Professional fees	77,988	153,970
Salaries and benefits	91,645	119,905
Stock-based compensation	90,037	117,761
Shareholder information, transfer agent and filing fees	27,171	40,386
Travel	57,134	26,411
	1,060,554	2,563,317
Other Income and Expenses		
Interest income	13,447	10,382
Foreign exchange gain	(113,932)	160,769
Other income	-	(21,549)
	(100,485)	149,602
Net loss for the period	$ 1,161,039	$ 2,413,715

**** December 31, 2003 figures have been reclassified to be consistent with current disclosure***

Three months ended March 31, 2004 and December 31, 2003

As the Company is in the development stage, financials results are generally not fully comparable to those of the corresponding period in the prior year due to potential significant changes to the nature of the Company's operations. Accordingly, the current quarter's operating results will be compared to those of the immediately preceding quarter.

The Company incurred a net loss of $1.2 million for the three month period ended March 31, 2004 as compared to a net loss of $2.4 million for the three month period ended December 31, 2003. This change is primarily due to a decrease in exploration expenditures of $1.4 million in the first quarter of 2004 over those incurred in the December quarter of 2003.

Exploration expenditures totaled $2.0 million for the three-month period ended December 31, 2003 as compared to $538,000 for the three months ended March 31, 2004. A significant portion of the December 2003 amounts were scheduled capital contributions paid to the joint venture companies in China; contributions, net of amounts recovered from Ivanhoe, of $910,000 were paid in the December quarter versus $70,000 for the March 2004 period. In addition, exploration expenses in the December 2003 quarter reflect a charge of $882,000 for stock-based compensation associated with stock options issued to consultants whereas the March 2004 quarter includes a corresponding credit in the amount of $30,000. Stock-based compensation is recognized over the vesting period of the stock options to which it relates and will fluctuate in accordance with the vesting patterns of the underlying options. In addition, stock options granted to consultants, such as certain of those for which compensation expenses are included in exploration expense, must be revalued on each of the vesting dates which can, in the event of fluctuating market prices, create dramatic changes in the recognition of period over period stock-based compensation expenses. The balance of exploration expenditures for both December 2003 and March 2004 resulted from activities by the Company through its direct expenditures on its joint venture projects.

Investor relations costs of $33,000 were recorded in the March, 2004 quarter, representing an increase of $30,000 over the December 2003 amount. This increase is due to attendance at various professional conferences that the Company attended during March 2004.

Travel costs have remained relatively constant during the December, 2003 and March, 2004 periods. Air travel and accommodation costs by Company employees traveling between Canada and China are responsible for the vast majority of these expenditures. An increase in exploration reconnaissance activity outside of China is responsible for the increase in travel expenses for the March 2004 quarter.

The Company incurred $78,000 on professional fees for the three month period ended March 31, 2004 as compared to $154,000 for the three month period ended December 31, 2003. The March quarter included legal fees of $50,000 paid in respect of the Company's Special Meeting in March 2004, the Annual General Meeting in May 2004 and for the preparation and revisions to agreements associated with joint venture interests in China. In addition, accounting fees of $21,000 were paid in the March quarter. The December quarter included $61,000 for legal fees in respect of various statutory filings and the preparation of documents and agreements for the joint ventures and financings. In addition, accounting and accrued audit fees were $81,000 in the December period which was incurred in respect of the preparation, review and audit of the Company's financial statements as well as for advisory services in respect of accounting changes, adopted for the 2003 year.

Office and administration fees and salary costs decreased from the December quarter to the March quarter. The December amounts included certain adjustments made at year-end to reclassify entries made in early 2003, these adjustments were not replicated in the March 2004 quarter. In addition, certain of the Company's administrative staff and office facilities are employed/provided by Global Mining Management ("GMM")(see 'Related party transactions' below) whose costs are allocated on an as-used basis. Accordingly, quarterly fluctuations in the costs of administrative and personnel costs can be expected commensurate with increases or decreases in quarterly administrative activity.

Shareholder information, transfer agent and filing fees decreased in the March quarter as listing fees, paid to the TSX Venture Exchange in December quarter in the amount of $26,500 were not duplicated in the March period. These fees were paid in respect of the listing of 5.5 million new common shares which were issued in December, 2003.

Stock based compensation in the amount of $118,000 was recorded in the December quarter and $90,000 in the March quarter. Stock-based compensation is recognized over the vesting period of the stock options to which it relates and will fluctuate in accordance with the vesting patterns of the underlying options. In addition, option pricing models require the input of highly subjective assumptions regarding the expected volatility. Changes in assumptions can materially affect the fair value estimate, and therefore, the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options at the date of the grant or thereafter.

Three months ended March 31, 2004 and March 31, 2003

The Company incurred a net loss of $1.2 million in the three months ended March 31, 2004, as compared to a net loss of $861,000 for the corresponding period in 2003. In the 2003 period, the Company's slate of officers and directors was different from that which now manages the Company. In addition, the focus of the Companies operations was different and magnitude of activities less than that experienced in the first quarter of 2004 due to limited availability of funds. Generally, exploration activities were not as extensive during the March 2003 quarter, particularly with respect to generative exploration activities, resulting in an increase of exploration expenditures of $282,000 on a period over period basis. More substantially, the Company was relatively inactive from an administrative standpoint during the 2003 period. Administrative costs for March, 2003 quarter, net of stock-based compensation costs, were $185,000 as compared to $459,000 for the 2004 period. The change results from increased management and administrative personnel, active investor relations programs, an increased focus on financial and operational disclosure, active pursuit of new exploration properties and increased corporate travel which is ancillary to all these activities.

Selected Quarterly Data

($ in thousands, except per share information)

	2004	2003				2002		
QUARTER ENDED	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun
Revenue								
Royalties, net	-	-	-	-	-	-	2	1
Net loss	(1,161)	(2,414)	(2,187)	(782)	(861)	(2,558)	(391)	(345)
Net loss per share	(0.03)	(0.06)	(0.06)	(0.02)	(0.02)	(0.08)	(0.01)	(0.01)

(Expressed in U.S. Dollars)

Liquidity and Capital Resources

The balance sheets as at March 31, 2004 and December 31, 2003 are shown in the following table for ease of reference:

	March 31, 2004 (Unaudited)	December 31, 2003
ASSETS		
Current		
Cash	$ 6,854,634	$ 7,903,819
Accounts receivable	125,570	101,756
Receivable from related party	109,521	3,763
Prepaid expenses	95,010	108,004
	7,184,735	8,117,342
Property, plant and equipment	100,955	101,420
	$ 7,285,690	$ 8,218,762
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	$ 435,948	$ 331,644
SHAREHOLDERS' EQUITY		
Share capital	16,408,292	16,326,789
Contributed surplus	1,907,169	1,865,009
Cumulative translation adjustments	460,850	460,850
Deficit	(11,926,569)	(10,765,530)
	6,849,742	7,887,118
	$ 7,285,690	$ 8,218,762

As at March 31, 2004, the Company had a working capital balance of $6.7 million and cash resources of $6.9 million. Subsequent to March 31, 2004, the Company received $2.3 million from Ivanhoe representing reimbursement of the cumulative costs of the joint venture projects created under the April 20, 2004 definitive agreement.

The Company incurred cash outflows of $1.0 million on operations for the three months ended March 31, 2004. This represents a decrease of $430,000 compared to expenditures made during the quarter ended December 31, 2003. This decrease is primarily the result of fewer scheduled capital contributions made to the joint venture companies in China. Aggregate cash expenditures incurred during the March, 2004 and December, 2003 quarters include cash contributions to joint venture companies and partners of $70,000 and $910,000, respectively.

Cash inflows for the three months ended December 31, 2003 were $8.5 million, which was raised through the issuance of common shares by way of private placement and by the exercise of warrants and options. In the March, 2004 quarter, cash inflows were $82,000 which resulted from the exercise of warrants and options.

The Company expects to spend approximately $4.5 million (net of anticipated proceeds from gold sales and expense recoveries from Ivanhoe) during the 2004 year on its joint venture projects, inclusive of capital contributions, exploration and general and administrative costs, and expects to fund these operations from its working capital balance on hand.

The Company's long term optional payments under various joint venture projects currently exceed the working capital available on hand. The Company expects to finance future obligations and commitments through the exercise of options and warrants, and additional equity financings subject to market conditions. There can be no assurance that such financing will be available when required or at terms that are favorable to the Company.

Related party transactions

Certain administrative costs are paid to GMM for corporate secretarial, accounting, investor relations and administrative services performed on behalf of the Company. GMM is related to Jinshan Gold Mines Inc. as certain officers are common to each company. GMM provides these services to a group of companies some of which are related to Jinshan Gold Mines Inc. and others which are not. The services provided by GMM are incurred on an as-used basis. The Company has utilized the services of the GMM staff and office since April 1, 2003 and has incurred costs of $159,000 and $150,000 for the three-month periods ended March 31, 2004 and December 31, 2003, respectively.

Risks factors

The business of mineral deposit exploration and extraction involves a high degree of risk. Few properties that are explored are ultimately developed into production. At present, none of the Company's properties has a known body of commercial ore. Other risks facing the Company include competition, reliance on third parties and joint venture partners, environmental and insurance risks, political and environmental instability, statutory and regulatory requirements, fluctuations in mineral prices and foreign currency, share price volatility, title risks, and uncertainty of additional financing.

Outlook

The Company will concentrate its efforts on drilling and regional exploration work planned for its existing projects in 2004 and is actively pursuing additional projects. The Company is well positioned to conduct its activities and capitalize on its opportunities as significant attention has been drawn to exploration companies in China due to the country's record growth rates and strong demand for basic raw materials and precious metals.

May 20, 2004