



JINSHAN GOLD MINES INC.

Consolidated Financial Statements
For the quarter ended March 31, 2005
(Unaudited)
(Stated in U.S. dollars)

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JINSHAN GOLD MINES INC.

Consolidated Balance Sheets

(Unaudited)

(Stated in U.S. dollars)

	<u>March 31,</u> <u>2005</u>	<u>December 31,</u> <u>2004</u>
ASSETS		
CURRENT		
Cash	\$ 4,628,981	\$ 4,030,374
Accounts receivable	162,084	575,884
Receivable from related party (Note 3(b))	325,984	1,807,801
Prepaid expenses	358,380	364,841
	<u>5,475,429</u>	<u>6,778,900</u>
CAPITAL ASSETS	<u>204,522</u>	<u>222,090</u>
	<u>\$ 5,679,951</u>	<u>\$ 7,000,990</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 3(c))	\$ 494,741	\$ 741,105
SHAREHOLDERS' EQUITY		
Share capital (Note 2)	20,077,100	20,077,100
Contributed surplus	2,023,168	1,939,729
Cumulative translation adjustments	460,850	460,850
Deficit	(17,375,908)	(16,217,794)
	<u>5,185,210</u>	<u>6,259,885</u>
	<u>\$ 5,679,951</u>	<u>\$ 7,000,990</u>

APPROVED BY THE BOARD

"Dan Kunz"

Director

"Pierre Lebel"

Director

JINSHAN GOLD MINES INC.
Consolidated Statements of Operations
(Unaudited)
(Stated in U.S. dollars)

	March 31, 2005	March 31, 2004
EXPENSES		
Administration and office	\$ 108,248	\$ 136,427
Amortization	19,213	8,684
Investor relations	12,649	33,168
Travel	45,726	57,133
Exploration expenses (Note 3(b) and Schedule)	706,847	538,301
Professional fees	46,651	77,988
Salaries and benefits	82,761	91,645
Stock-based compensation	96,482	90,037
Shareholder information, transfer agent and filing fees	28,215	27,171
	1,146,792	1,060,554
OTHER INCOME/(EXPENSES)		
Interest income	17,938	13,447
Foreign exchange loss	(29,260)	(113,932)
	(11,322)	(100,485)
NET LOSS	\$ (1,158,114)	\$ (1,161,039)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.02)	\$ (0.03)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	48,552,948	45,737,149

JINSHAN GOLD MINES INC.**Consolidated Statement of Shareholders' Equity****(Unaudited)****(Stated in U.S. dollars)**

	Share Capital		Contributed Surplus	Cumulative Translation Adjustments	Deficit	Total
	Number of Shares	Amount				
Balances, December 31, 2004	48,552,948	\$ 20,077,100	\$ 1,939,729	\$ 460,850	\$ (16,217,794)	\$ 6,259,885
Stock compensation charged to operations	-	-	83,439	-	-	83,439
Net loss	-	-	-	-	(1,158,114)	(1,158,114)
Balances, March 31, 2005	48,552,948	\$ 20,077,100	\$ 2,023,168	\$ 460,850	\$ (17,375,908)	\$ 5,185,210

JINSHAN GOLD MINES INC.
Consolidated Statements of Cash Flows
(Unaudited)
(Stated in U.S. dollars)

	March 31, 2005	March 31, 2004
OPERATING ACTIVITIES		
Net loss	\$ (1,158,114)	\$ (1,161,039)
Items not requiring use of cash:		
Amortization	19,213	8,684
Stock-based compensation	96,482	90,037
Exploration expenses (stock-based compensation recovery)	(13,043)	(29,686)
Unrealized foreign exchange losses	21,587	113,004
	(1,033,875)	(979,000)
Change in non-cash operating working capital items (Note 5)	1,648,100	(12,275)
	614,225	(991,275)
INVESTING ACTIVITIES		
Capital asset additions	(1,645)	(8,219)
FINANCING ACTIVITY		
Issuance of common shares	-	63,310
NET INCREASE (DECREASE) IN CASH FOR THE PERIOD	612,580	(936,184)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		
ON CASH	(13,973)	(113,001)
CASH, BEGINNING OF PERIOD	4,030,374	7,903,819
CASH, END OF PERIOD	\$ 4,628,981	\$ 6,854,634

JINSHAN GOLD MINES INC.

Notes to the Consolidated Financial Statements

March 31, 2005

(Unaudited)

(Stated in U.S. dollars)

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 Jinshan Gold Mines Inc.’s (“Jinshan”) latest annual consolidated financial statements for the year ended December 31, 2004 and the notes thereto.

The unaudited consolidated financial statements include the accounts of Jinshan and all its subsidiaries (individually and collectively referred to as the “Company”). All significant inter-company transactions and balances have been eliminated.

2. Share Capital

Stock-based Compensation – Directors, Officers, Employees and Consultants

On March 4, 2005, the Company granted 130,000 stock options to certain directors, officers and employees at an exercise price of CDN \$0.57 with an expiry date of March 4, 2010. A compensation cost of \$55,493 will be amortized over the vesting period.

Outstanding stock options and warrants

As at March 31, 2005, there were 3,258,634 stock options outstanding with exercise prices and expiry dates ranging from CDN \$0.57 to CDN \$3.60 and June 30, 2005 to March 4, 2010, respectively. During the three months ended March 31, 2005, 50,000 options were cancelled.

As at March 31, 2005, there were 11,100,000 warrants outstanding with exercise prices and expiry dates ranging from CDN \$1.15 to CDN \$2.20 and July 2, 2005 to December 12, 2005, respectively.

JINSHAN GOLD MINES INC.

Notes to the Consolidated Financial Statements

March 31, 2005

(Unaudited)

(Stated in U.S. dollars)

3. 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:

	Three months ended March 31,	
	2005	2004
Administration and office	\$ 107,444	\$ 100,287
Salaries and benefits	80,134	109,145
	<u>\$ 187,578</u>	<u>\$ 209,432</u>

- (b) Exploration expenses of \$468,645 were recoverable from Ivanhoe Mines Ltd., on a cost recovery basis, during the three months ended March 31, 2005 (2004 – \$103,327). At March 31, 2005, an amount of \$325,984 (December 31, 2004 - \$1,807,801) was receivable from Ivanhoe Mines Ltd.
- (c) Accounts payable at March 31, 2005 included \$127,514 (December 31, 2004 - \$73,490) which was due to a company under common control or companies related by way of directors in common.

4. 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, 2005			
Capital assets	\$ 174,547	\$ 29,975	\$ 204,522
As at December 31, 2004			
Capital assets	\$ 188,497	\$ 33,593	\$ 222,090

JINSHAN GOLD MINES INC.

Notes to the Consolidated Financial Statements

March 31, 2005

(Unaudited)

(Stated in U.S. dollars)

5. Supplemental Cash Flow Information

	Three months ended March 31,	
	2005	2004
Net (increase) decrease in:		
Accounts receivable	\$ 406,242	\$ (23,814)
Receivable from related party	1,481,817	(105,758)
Prepaid expenses	6,293	12,993
Net increase (decrease) in:		
Accounts payable and accrued liabilities	(246,252)	104,304
	<u>\$ 1,648,100</u>	<u>\$ (12,275)</u>

6. Subsequent Events

Subsequent to March 31, 2005:

- (a) The Company agreed to sell its interest in the JBS Joint Venture Company which holds an option on the Jinbaoshan (JBS) Palladium and Platinum property and other regional exploration properties in Yunnan Province, China for \$1.4 million. The Company, together with its joint-venture partner, Ivanhoe Mines Ltd., had earned an approximate 20% interest in the JBS Joint Venture Company.

The interest held by the JBS Joint Venture Company will be sold back to the Chinese partner, subject to approval by Chinese authorities. The \$1.4 million proceeds from the sale will be split evenly between the Company and Ivanhoe Mines Ltd. The first payment of \$500,000 has been received, and the balance is scheduled to be paid in two additional installments over the next 12 months.

- (b) The Company completed its earn-in agreement on the Chang Shan Hao (217) Gold Development Project in Inner Mongolia, China, by completing aggregate payments of \$750,000 to its Chinese partner. The Company now owns a 96.5% interest in this project. Ivanhoe Mines Ltd. has the right to participate in the project on a 50/50 basis.

JINSHAN GOLD MINES INC.
Schedule B – Supplementary Information
March 31, 2005
(Stated in U.S. dollars)

1. Securities Issued

No common shares were issued during the quarter ended March 31, 2005.

The following share purchase options were granted during the quarter ended March 31, 2005:

Date	Number	Optionee	Price Cdn \$	Expiry Date
4-Mar-05	55,000	Employees	\$ 0.57	4-Mar-10
4-Mar-05	75,000	Consultant	0.57	4-Mar-10
	<u>130,000</u>			

2. Securities Outstanding

As at March 31, 2005, the following securities were outstanding:

- (a) The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.
- (b) There are 48,552,948 common shares outstanding with a recorded value of \$20,077,100.
- (c) Summary of options and warrants outstanding as at March 31, 2005:

Description	Number outstanding	Exercise	
		Price Cdn \$	Expiry Date
Warrants	5,100,000	\$ 1.15	2-Jul-05
Warrants	2,000,000	1.20	11-Oct-05
Warrants	<u>4,000,000</u>	2.20	12-Dec-05
	<u>11,100,000</u>		
Options	250,000	\$ 0.90	1-Jun-07
Options	40,000	1.05	30-Jun-05
Options	110,000	0.90	31-Aug-07
Options	60,000	1.16	17-Feb-08
Options	520,550	0.80	8-May-08
Options	1,216,084	0.73	6-Aug-08
Options	75,000	3.60	18-Nov-08
Options	25,000	2.36	26-Jan-09
Options	515,000	2.00	13-Apr-09
Options	10,000	1.31	20-May-09
Options	307,000	0.87	1-Dec-09
Options	<u>130,000</u>	0.57	4-Mar-10
	<u>3,258,634</u>		

JINSHAN GOLD MINES INC.
Schedule B – Supplementary Information
March 31, 2005
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3. Directors and Officers

Jay Chmelauskas, President & Director
Pierre Lebel, Chairman & Director
Daniel Kunz, Director
Edward Flood, Director
Ian He, Director
Peter Meredith, Director
Xiang Dong Jiang, Vice President Business Development
Greg Shenton, Chief Financial Officer
Beverly Bartlett, Secretary



JINSHAN GOLD MINES INC.

**Management's Discussion and Analysis of Financial Condition
and Results of Operations
For the three months ended March 31, 2005
(Unaudited)
(Stated in U.S. dollars)**

JINSHAN GOLD MINES INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations

March 31, 2005

(Unaudited)

(Expressed in U.S. Dollars)

Overview

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

Independent resources estimate and completion of earn-in on the Chang Shan Hao (217) Gold project

In March, 2005, the Company released the results of a new independent resources estimate on the Chang Shan Hao (217) Gold project ("CSH (217) Gold project") which estimates the measured and indicated resource at 83 million tonnes grading 0.82 grams per tonne (g/t) gold, for contained gold content of approximately 2.2 million ounces. In addition, the project contains an estimated 37 million tonnes of inferred resources grading 0.89 g/t gold, for an additional contained gold content of approximately 1.0 million ounces. The resource estimate was calculated by Mario E. Rossi of GeoSystems International Inc., a qualified person as defined in National Instrument 43-101, and was based on the results of a drilling program undertaken during 2004 and using a cut-off grade of 0.5 grams per tonne ("g/t") and a gold price of \$400 per ounce. Details of this new resource estimate are available on SEDAR.

In addition, in April, 2005, the Company earned a 96.5% interest in the CSH (217) Gold project by making payments aggregating \$750,000 to its Chinese partner, Ningxia Nuclear Industry Geological Exploration Institute ("Ningxia"). Ningxia retains a 3.5% carried interest in the project. The Company is still required to make two \$1 million payments to Ningxia upon achieving certain milestones related to mine construction and commercial production. Ivanhoe Mines Ltd. has the right to participate in the Company's interest in the CSH (217) Gold project on a 50/50 basis.

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

In April 2004, Ivanhoe Mines and the Company entered into a definitive agreement to restructure a mineral exploration and development joint venture agreement entered into in May 2002. The definitive agreement provides Ivanhoe Mines the ability to earn a 50% interest in the Company's interests in certain of the Company's projects in China, including the CSH (217) Gold Project, the Dandong (QCZ) Gold Project, and the JBS Platinum and Palladium projects. Ivanhoe Mines has 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). The definitive 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 Mines undertakes not to compete for any new mineral properties in the Liaoning Province. In addition, Ivanhoe Mines transferred to the Company 50% of its 20% carried interest in the Shuteen exploration license in southern Mongolia.

JINSHAN GOLD MINES INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations

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Critical Accounting Estimates

A detailed summary of all of the Company's significant accounting policies is included in Note 2 to the annual Consolidated Financial Statements for the year ended December 31, 2004.

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.

The Company reviews the carrying values of its mineral property interests whenever events or changes in circumstances indicate that their carrying values may exceed their estimated net recoverable amounts. An impairment loss is recognized when the carrying value of those assets is not recoverable and exceeds their fair value.

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, as required by generally accepted accounting principles, 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 realistic measure of the fair value of the Company's stock options at the date of the grant or thereafter.

Recent Accounting Pronouncements

On January 27, 2005, the CICA issued Section 3855 of the Handbook entitled Financial Instruments - Recognition and Measurement. It expands Handbook Section 3860, Financial Instruments - Disclosure and Presentation, by prescribing when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how gains and losses on financial instrument are to be presented.

All financial instruments will be required to be classified into various categories. Held to maturity investments, loans and receivables will be measured at amortized cost, with amortization of premiums or discounts, losses and impairment included in current period interest income or expense. Held for trading financial assets and liabilities will be measured at fair market value with all gains and losses included in net income in the period in which they arise. All available for sale financial assets will be measured at fair market value with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet, and losses due to impairment will be included in net income. All other financial liabilities are to be carried at amortized cost.

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The mandatory effective date of Section 3855 is for fiscal years beginning on or after October 1, 2006, with optional early recognition for fiscal years beginning on or after December 31, 2004. The Company has adopted this standard in its fiscal year ending December 31, 2005.

At present, the Company's most significant financial instruments are cash, accounts receivable and accounts payable. This new section will require little difference in accounting for these financial instruments from past standards.

The new Handbook Section 1530 - Comprehensive Income introduces a new requirement to temporarily present certain gains and losses outside of net income. Section 1530 defines comprehensive income as a change in value of net assets that is no longer due to owner activities. Assets that are classified as available for sale will have revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet.

At present, the Company does not have any "available for sale" investments.

The effective date of this new Section is for fiscal years beginning on or after October 1, 2006, with optional early recognition for fiscal years beginning on or after December 31, 2004. The Company has adopted this new standard in its fiscal year ending December 31, 2005.

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.

JINSHAN GOLD MINES INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations

March 31, 2005

(Unaudited)

(Expressed in U.S. Dollars)

Exploration Properties

Gold

a) CSH (217) Gold Project

Property description - The CSH (217) Gold project consists of a licensed area of 36 square kilometers ("km²") in the western part of Inner Mongolia, northern China. The CSH (217) Gold project is centrally positioned within the east-west-trending Tien Shan Gold Belt. The site is approximately 650 kilometres ("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 up to a 96.5% interest in the CSH (217) Gold project. Under the terms of the agreement, the Company earned a 55% interest in the project by contributing \$250,000 to the joint venture company, Ningxia Pacific Mining Co. Ltd. ("NPM") in 2002. The Company earned an additional 41.5% interest by making, over a three year period, payments totaling \$750,000 to the Chinese partner; the final payment and transfer of interest occurring in April, 2005. 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, 2005, the Company contributed \$4.7 million to NPM as registered capital, and had paid \$600,000 to the Chinese partner (of which \$350,000 is included in the payments of registered capital to NPM). In addition, the Company has incurred exploration and other expenditures in respect of this project aggregating \$2.2 million.

Funding arrangement – Under the terms of the definitive agreement dated April 20, 2004, Ivanhoe Mines and the Company will each fund 50% of the exploration expenditures on the CSH (217) Gold project. Accordingly, Ivanhoe Mines has funded \$3.2 million of exploration expenditures to March 31, 2005.

Resource estimate – In March, 2005, the Company released the results of a new independent resource estimate on the CSH (217) Gold project which estimates the measured and indicated resource at 83 million tonnes grading 0.82 grams per tonne ("g/t") gold, for contained gold content of approximately 2.2 million ounces. In addition, the project contains an estimated 37 million tonnes of inferred resources grading 0.89 g/t gold, for an additional contained gold content of approximately 1.0 million ounces. The resource estimate was calculated by Mario E. Rossi of GeoSystems International Inc., a qualified person as defined in National Instrument 43-101, and was based on the results of a drilling program undertaken during 2004. Details of this new resource estimate are available on SEDAR.

Exploration results – Open pit pilot mining of oxide mineralized material commenced in July, 2004 and was completed along with a 1,000 tonne per day ("tpd") crushing system in October, 2004. The operation produced enough mineralized material to construct a 50,000 tonne heap-leach pad of run-of-mine material and a second 50,000 tonne heap-leach pad of single stage crushed material. In addition, an underground tunnel extending approximately 300 metres in length into sulphide mineralized material was completed in March, 2005. The pilot mining and underground tunnel were designed to provide bulk-tonnage samples to better establish anticipated grade and metallurgical recoveries. Large scale column leaching tests of both oxide and sulphide material has commenced in the city of Baotou, China under the supervision and design of KD Engineering Inc. of Tuscon, Arizona. Preparation for trial leaching is underway, and pilot scale leaching is expected to begin in June 2005. Mine engineering, mine permitting, environmental studies, metallurgical and other test work is progressing.

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b) PingYi Gold Project

An exploration program consisting of ground geophysics, geochemistry and sampling was completed in 2004. However, the Company could not come to terms with the Bureau of Geology and Mineral Resources ("BGMR") of Shandong Province, China, in respect of a formal joint venture agreement and, accordingly, the Company is planning no further exploration work on this project.

c) Dandong (QCZ) Gold Project

The Company has signed a joint venture agreement with Liaoning Pacific Gold Mining Co Ltd. ("LPGM") whereby the Company must pay the Chinese partner \$4 million over six years and contribute an additional \$16 million to the joint venture company 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. LPGM owns the Dandong (QCZ) gold project which covers 480 km² of exploration permits located within an overall 790 km² area of interest situated in the eastern Liaoning Province, some 140 km southwest of the provincial capital of Shenyang. An exploration program was completed in 2003. With the current focus on the CSH (217) Gold project, no further work is scheduled on the Dandong (QCZ) property and the Company is actively seeking third-party participation in this project.

Up to March 31, 2005, the Company had contributed \$880,000 to LGPM as registered capital and had incurred exploration and other expenditures aggregating \$402,000. Ivanhoe Mines has funded \$639,000 of project expenses representing 50% of expenditures since inception of the project.

Platinum & Palladium

JBS Platinum and Palladium Project & JBS Regional Project

In April, 2005, the Company sold its interest in Yunnan Yunbao Platinum & Palladium Mining Co. Ltd. ("YYPP"), the JBS joint venture company, which holds an option on the JBS Palladium and Platinum property and other regional exploration properties in Yunnan Province, China, for \$1.4 million. The Company, together with Ivanhoe Mines its joint-venture partner, had earned an approximate 20% interest in the JBS Joint Venture.

The interest in YYPP was sold back to the Chinese partner, subject to approval by Chinese authorities. The \$1.4 million proceeds from the sale will be split evenly between the Company and Ivanhoe. The first payment of \$500,000 was received in April, 2005 and the balance is scheduled to be paid in two additional installments over the next 12 months.

The Company had carried out drilling, geological modeling and regional exploration within the JBS joint venture permitted areas over the past two years; however, it was determined that the estimated grade and tonnage did not meet the Company's financial criteria. Under the terms of the definitive agreement dated April 20, 2004, Ivanhoe Mines and the Company each funded 50% of the exploration expenditures on the JBS Platinum and Palladium project. Up to March 31, 2005, the Company had contributed \$1.5 million to YYPP as registered capital and had incurred exploration and other expenditures of \$665,000. Ivanhoe Mines has reimbursed the Company \$1.1 million of this amount.

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Generative Activities

The Company continues on a concerted program to acquire prospective exploration properties and to identify potential acquisitions in China and Asia on a selective basis, as part of a strategy to rationalize and expand its project portfolio. The Company has a strong technical exploration team working in China which is exploring for gold and base metals in specifically targeted areas of the country. During 2004, the Company evaluated approximately 75 greenfield and brownfield opportunities.

The rationalization of the Company's asset portfolio resulted in a number of projects being discontinued during 2004. Specifically among these were the three native copper projects which were 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. Despite the cessation of exploration activities on the native copper projects, these joint venture companies have been maintained in order that they may be utilized in the future to house new exploration projects.

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(Expressed in U.S. Dollars)

RESULTS OF OPERATIONS

Overview

The Company is in the exploration stage, and financial results are generally not fully comparable to those of the corresponding periods in the prior year due to potential significant changes to the nature of the Company's operations. Accordingly, in addition to quarterly comparisons, the current quarter's operating results will be compared to those of the immediately preceding quarter.

Selected Quarterly Data

(\$ in thousands, except per share information)

QUARTER ENDED	2005	2004				2003		
	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep*	30-Jun*
Exploration expenses	\$ 707	\$ 822	\$ 884	\$ 1,342	\$ 538	\$ 1,919	\$ 2,023	\$ 615
Net loss	\$(1,158)	\$(1,142)	\$(1,102)	\$(2,047)	\$(1,161)	\$(2,339)	\$(2,488)	\$(555)
Net loss per share	\$(0.02)	\$(0.02)	\$(0.02)	\$(0.04)	\$(0.03)	\$(0.06)	\$(0.07)	\$(0.01)

* Amounts have been restated in accordance with Note 3 to the annual consolidated financial statements for the year ended December 31, 2004

Fluctuations in the quarterly net loss amounts over the two year period ended March 31, 2005 is almost entirely due to fluctuations in the level of exploration expenditures on a period over period basis. Exploration expenditures fluctuate on a quarterly basis due to such factors as: variations in the scheduled contributions to joint venture companies and partners; timing of recovery and recognition of exploration costs from Ivanhoe Mines; and fluctuations in the recognition of stock-based compensation charged to operations.

	Three Months Ended,		
	March 31, 2005	December 31, 2004	March 31, 2004
	(Unaudited)		(Unaudited)
Expenses			
Administration and office	\$ 108,248	\$ 134,969	\$ 136,427
Amortization	19,213	16,250	8,684
Investor relations	12,649	20,721	33,168
Exploration expenses	706,847	822,149	538,300
Professional fees	46,651	49,721	77,988
Salaries and benefits	82,761	99,636	91,645
Stock-based compensation	96,482	111,918	90,037
Shareholder information, transfer agent and filing fees	28,215	4,093	27,171
Travel	45,726	15,390	57,134
	1,146,792	1,274,847	1,060,554
Other Income and Expenses			
Interest income	17,938	17,685	13,447
Foreign exchange (loss) gain	(29,260)	114,875	(113,932)
	(11,322)	132,560	(100,485)
Net loss for the period	\$ (1,158,114)	\$ (1,142,287)	\$ (1,161,039)

JINSHAN GOLD MINES INC.

Management's Discussion and Analysis of Financial Condition and Results of Operations

March 31, 2005

(Unaudited)

(Expressed in U.S. Dollars)

Three months ended March 31, 2005 and 2004

The Company incurred a net loss of \$1.2 million in each of the three months ended March 31, 2005 and March 31, 2004.

Exploration costs for the March, 2005 quarter were \$707,000 versus an amount of \$538,000 incurred in the 2004 quarter. Total exploration expenditures for the quarters ended March 31, 2005 and 2004, excluding recoveries from Ivanhoe Mines and stock-based compensation, were \$1.2 million and \$671,000, respectively. This increase is representative of a change in focus from generative exploration activities on a number of projects in the 2004 quarter to a concentration of resources on the CSH (217) Gold project and pilot mining activities in the 2005 quarter. Net recoveries of exploration expenses from Ivanhoe Mines were \$469,000 in the 2005 period and \$103,000 in the 2004 period, and reflect the fact that until April, 2004, Ivanhoe Mines did not participate in cost sharing arrangements on the CSH (217) Gold project.

General and administrative expenses decreased to \$440,000 in the 2005 quarter from \$522,000 incurred in 2004. This decrease is primarily due to reductions in professional fees, office expenses and investor relations costs.

Professional fees decreased in the March, 2005 quarter over those incurred in the same period in 2004. The 2004 expenditures include \$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 totaling \$21,000 were incurred in the March, 2004 quarter which included certain amounts relating to the cost of the 2003 year-end audit. Costs incurred in the 2004 period associated with the Company's Special Meeting were not duplicated in the 2005 quarter, and the accrual of accounting fees in 2005 include only those amounts associated with the March, 2005 quarterly review.

Administration and office costs decreased by \$28,000 in the March, 2005 period, due in part to the rationalization of office locations in China and the resultant savings in office rent. In addition, postage costs associated with the Special Meeting held in the 2004 period were not duplicated in 2005.

Investor relations costs decreased in the 2005 quarter as the Company limited attendance at investor conferences held during this period to only investor relations staff. In the 2004 period, both investor relations and technical staff members attended these same functions.

The balance of administrative costs remained relatively constant on a period to period basis.

The decrease in the net loss for the March, 2005 period is due in part to an \$85,000 decrease in the foreign exchange loss on a period over period basis. These losses are the result of changes to the U.S. to Canadian dollar exchange rates during these periods and the resultant decrease in, primarily, the U.S. dollar equivalent of Canadian dollar denominated cash deposits. Canadian dollar denominated cash deposits decreased significantly from March, 2004 to March, 2005 as certain of these funds were utilized for operations and others were converted to U.S. dollars.

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(Unaudited)

(Expressed in U.S. Dollars)

Three months ended March 31, 2005 and December 31, 2004

The Company incurred a net loss of \$1.2 million in each of the three-month periods ended March 31, 2005 and December 31, 2004.

Exploration costs for the March, 2005 quarter were \$707,000 versus an amount of \$822,000 incurred in the December, 2004 quarter. Total exploration expenditures for the quarters ended March 31, 2005 and December 31, 2004, excluding recoveries from Ivanhoe Mines and stock-based compensation, were \$1.2 million and \$2.1 million, respectively. The majority of this difference is due to higher scheduled property payments in the December period. Exploration expenditure recoveries from Ivanhoe Mines were \$469,000 for the March quarter and \$1.4 million for the December quarter; the majority of all these amounts are related to the CSH (217) Gold project. Stock-based compensation was \$108,000 in the December quarter versus a recovery of \$13,000 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.

General and administrative expenses decreased to \$440,000 in the March, 2005 quarter from \$452,000 incurred for the December, 2004 period. This decrease is primarily due to reductions in administration and office expenses, salaries and benefits costs and stock-based compensation charges. These decreases were partially offset by increases in shareholder information, transfer agent and filing fees costs as well as an increase in travel expenditures. The balance of administrative costs remained relatively constant on a period to period basis.

The Company incurred a foreign exchange loss for the three months ended March 31, 2005 of \$29,000 versus a foreign exchange gain of \$115,000 in the December, 2004 quarter. These losses and gains are the result of changes to the U.S. to Canadian dollar exchange rates during these periods and the resultant decreases and increases in, primarily, the U.S. dollar equivalent of Canadian dollar denominated cash deposits.

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Liquidity and Capital Resources

The balance sheets as at March 31, 2005 and December 31, 2004 are shown in the following table for ease of reference:

	March 31, 2005	December 31, 2004
	(Unaudited)	
ASSETS		
Current		
Cash	\$ 4,628,981	\$ 4,030,374
Accounts receivable	162,084	575,884
Receivable from related party	325,984	1,807,801
Prepaid expenses	358,380	364,841
	5,475,429	6,778,900
CAPITAL ASSETS	204,522	222,090
	\$ 5,679,951	\$ 7,000,990
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 494,741	\$ 741,105
SHAREHOLDERS' EQUITY		
Share capital	20,077,100	20,077,100
Contributed surplus	2,023,168	1,939,729
Cumulative translation adjustments	460,850	460,850
Deficit	(17,375,908)	(16,217,794)
	5,185,210	6,259,885
	\$ 5,679,951	\$ 7,000,990

As at March 31, 2005, the Company had a working capital balance of \$5.0 million and cash resources of \$4.6 million. During the three months ended March 31, 2005, net cash inflows were \$600,000. The Company received \$1.9 million from Ivanhoe Mines representing reimbursement of costs of the joint venture projects created under the April 20, 2004 definitive agreement. Cash outflows from operating activities for this period, net of the amount received from Ivanhoe Mines, were \$1.3 million.

At March 31, 2005, the Company had approximately \$2.0 million held in Canadian funds which amount exposes the Company to risks associated with foreign exchange fluctuations. For the three months ended March 31, 2005, these Canadian denominated funds incurred an unrealized foreign exchange loss of \$14,000 due to the weakening of the Canadian dollar versus its U.S. counterpart.

The Company expects to spend approximately \$3.0 million during 2005 on its share of exploration and development projects, inclusive of capital contributions, exploration and general and administrative costs, and expects to fund these operations from its working capital balance on hand. Should a decision be made during 2005 to commence commercial production at the CSH (217) Gold project, additional financing will be required to fund the capital and start-up costs. It is currently estimated that the Company's share of these costs, assuming the continued 50% participation by Ivanhoe Mines, could be approximately \$10 million for the 2005 year. The Company anticipates that funding for this project would be either through a debt facility, new equity financings, or a combination of both.

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The Company's long term financial requirements both in respect of the CSH (217) Gold project and other 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, additional equity or debt financings, all of which are subject to favorable market conditions. However, there can be no assurance that debt facilities or additional equity financings will be available when required or at terms that are favorable to the Company.

Related Party Transactions

Certain administrative costs are paid to Global Mining Management Corporation ("GMM") for corporate secretarial, accounting, investor relations and administrative services performed on behalf of the Company. GMM is related to Jinshan as certain officers are common to each company. GMM provides these services to a group of companies, some of which are related to Jinshan 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 \$628,000 for the year ended December 31, 2004 and \$188,000 for the three-month period ended March 31, 2005.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares without par value. As at May 25, 2005: 48,552,948 common shares were issued and outstanding; 3,258,634 share purchase options had been granted and were outstanding; and 11,100,000 common share purchase warrants had been issued and were outstanding. On a fully diluted basis, 62,911,582 common shares were outstanding.

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Risk Factors

The business of mineral 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. Material risks and uncertainties affecting the Company, their potential impact, and the Company's principal risk management strategies, are as follows:

- *Additional Funding Requirements* - The further development and exploration of the various mineral properties in which it holds interests depends upon the Company's ability to obtain financing through joint ventures, debt financing, equity financing or other means. There can be no assurance that the Company will be successful in obtaining any required financing as and when needed. Depressed markets for precious and base metals may make it difficult, or impossible, for the Company to obtain debt financing or equity financing on favorable terms, or at all. The Company operates in a region of the world that is prone to economic and political upheaval and mineral properties held by the Company are located in politically and economically unstable countries, which may make it more difficult for the Company to obtain debt financing from project lenders. Failure to obtain additional financing on a timely basis may cause the Company to postpone its development plans, forfeit rights in some or all of its properties or reduce or terminate some or all of its operations.
- *Risks pertaining to foreign countries* - China is, and for the foreseeable future is expected to remain, the country in which the Company concentrates most of its business activities and financial resources. In addition to interests in projects in China, the Company may enter into contractual arrangements in other foreign jurisdictions. The foreign legal frame work for these agreements, particularly in developing countries, is often based on recent political reforms and newly enacted legislation, which may not be consistent with long-standing local conventions and customs. As a result, there may be ambiguities, inconsistencies and anomalies in the agreements or the legislation upon which they are based which are atypical of more developed legal systems and which may affect the interpretation and enforcement of the Company's rights and obligations and those of our foreign partners. Local institutions and bureaucracies responsible for administering foreign laws may lack a proper understanding of the laws or the experience necessary to apply them in a modern business context. Foreign laws may be applied in an inconsistent, arbitrary and unfair manner and legal remedies may be uncertain, delayed or unavailable.
- *Uncertainties related to mineral resource estimates* - There is a degree of uncertainty attributable to the calculation of mineral resources and corresponding grades being mined or dedicated to future production. Until resources are actually mined and processed, the quantity of resources and grades must be considered as estimates only. In addition, the quantity and value of reserves or resources may vary, depending on metals prices. Any material change in the quantity of resources, grades or stripping ratio may affect the economic viability of the Company's properties. In addition, there can be no assurance that metal recoveries in small-scale laboratory tests will be duplicated in larger-scale tests under on-site conditions, or during production.
- *Metal price volatility* - Metal prices are subject to volatile price changes from a variety of factors, including international economic and political trends, expectations of inflation, global and regional demand, currency-exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods.
- *Currency risks* - The bulk of the Company's activities are denominated in U.S. currency. During 2004, the Company maintained some of its surplus funds in Canadian dollars. During most of this period, the Canadian dollar strengthened against the U.S. dollar, resulting in a foreign exchange gain to the Company. There is no guarantee that the Canadian dollar will continue on this trend in the future and a sudden weakening of the Canadian dollar vis-a-vis the U.S. dollar could generate a significant foreign exchange loss to the Company.

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- *Limited production history* - The Company has paid no dividends on its common shares since incorporation and does not anticipate doing so in the foreseeable future. To date, the Company has not received any cash flow generated from planned operations. All exploration projects of the Company will need funding from the Company. The Company has a limited operating history and there can be no assurance of its ability to operate its projects profitably. While the Company may in the future generate additional working capital through the operation, development, sale or possible syndication of its properties, there is no assurance that the Company will be capable of producing positive cash flow on a consistent basis or that any such funds will be available for exploration and development programs.
- *Uninsurable risks or self-insured risks* –Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts or slides, fires, floods, earthquakes or other environmental occurrences, and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could reduce or eliminate any further profitability and result in increasing costs and a decline in the value of the securities of the Company. The Company does not maintain insurance against political or environmental risks.

Outlook

The Company will focus mainly on advancing the CSH (217) Gold project toward a production decision. It will also continue to identify and evaluate prospective mineral properties for acquisition on a selective basis. The Company seeks to generate positive cash flow from its mineral properties in China, starting with the CSH (217) Gold project.

May 25, 2005