



JINSHAN GOLD MINES INC.

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

September 30, 2009

(Stated in U.S. dollars, except as otherwise noted)

*Amended to reflect adjustments identified as a result of the conversion to International
Financial Reporting Standards.*

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

The following Management's Discussion and Analysis of financial condition and results of operations ("MD&A") was prepared as of November 12, 2009 and amended to reflect adjustments identified as a result of the conversion to International Financial Reporting Standards ("IFRS"). They should be read in conjunction with the consolidated financial statements and notes thereto of Jinshan Gold Mines Inc. ("Jinshan" or the "Company") for the three and nine months ended September 30, 2009 and the year ended December 31, 2008 amended to reflect adjustments identified as a result of the conversion to IFRS. Unless the context otherwise provides, references in this MD&A to Jinshan or the Company refer to Jinshan and each of its subsidiaries on a consolidated basis.

The associated interim consolidated financial statements to this MD&A have not been reviewed by the Company's independent auditor, Deloitte & Touche LLP.

Overview

Jinshan is a mining company based in Vancouver, Canada and its principal property is the Chang Shan Hao Gold Mine ("CSH Gold Mine"), which is located in Inner Mongolia, China. Jinshan holds a 96.5% interest in the CSH Gold Mine, while its Chinese joint venture partner holds the remaining 3.5% interest. Jinshan started up gold production at the CSH Gold Mine in July 2007 and commenced commercial production on July 1, 2008.

The Company's other properties include the Dadiangou project in Gansu Province, where the Company has released a resource estimate at the end of 2008 based on 68 diamond drill holes with a total of 14,910 metres drilled in. The Company has reviewed its plans and is currently reviewing the possible sale of the project. The Company has no plans to continue with further exploration work on any of the previously held exploration permits known as the Xinjiang project.

Jinshan is a reporting issuer in British Columbia, Alberta and Ontario, and the Company's shares trade under the symbol JIN on the Toronto Stock Exchange ("TSX"). Additional information relating to the Company, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com.

Highlights

	Three months ended September 30, 2009	Nine months ended September 30, 2009	From commencement to September 30, 2009
Commercial gold production (ounces)	28,543	62,540	91,483
Pre-commercial gold production (ounces)	-	-	45,833
Total gold production (ounces)	28,543	62,540	137,316

	Three months ended September 30, 2009	Nine months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2008
Net income (loss)	(\$ 3.5) Million	(\$ 4.9) Million	\$ 7.8 Million	\$9.2 Million
Basic income (loss) per share	(\$0.02)	(\$0.03)	\$0.05	\$0.06
Net cash inflows (outflows) from operations	\$15.0 Million	\$ 22.8 Million	(\$5.6) Million	(\$ 15.7) Million
Property, plant and equipment cash expenditures	\$ 11.0 Million	\$ 37.7 Million	\$ 9.9 Million	\$ 32.7 Million

	Balance, September 30, 2009	Balance, September 30, 2008
Cash and cash equivalents	\$ 18.5 Million	\$ 21.1 Million
Working capital(deficiency)*	(\$ 31) Million	(\$ 8.2) Million
Restricted cash	\$ nil	\$ 7.8 Million

*Working capital consists of current assets less current liabilities

Outlook

The Company initiated gold production at the CSH Gold Mine in July 2007 and for accounting purposes, commenced commercial production on July 1, 2008. In September 2009, Jinshan poured a record high of 11,388 ounces of gold surpassing the design capacity of 9,000 ounces per month. The Company continues to improve

JINSHAN GOLD MINES INC.

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

September 30, 2009

(Stated in U.S. Dollars, except as otherwise noted)

production levels by optimizing the leach circuit and taking various other measures to increase gold recovery in the process plant. As a result, gold production has been steadily increasing this year since April due to better control on mining to improve the ore grade and ore size placed on the leach pad, as well as increasing the area under leach and leach solution pumping capacity.

The Company has completed installation of a 30,000 tonne per day crushing facility and has been test running such facility since mid-August, 2009. The throughput is gradually ramping up and Jinshan expects the crushing facility to reach design capacity of 30,000 tonnes of ore per day in the first quarter of 2010. This is expected to substantially increase the gold production.

The Company is drawing on China National Gold Corporation's ("CNG") technical and operating experience in China to improve operations at the CSH Gold Mine. Together with CNG's technical expertise, the Company will focus its efforts to resolve operating inefficiencies and improve gold production. CNG has and is continuing to assist the Company to reduce production costs at the CSH Gold Mine by using its bulk purchasing power to reduce mining and processing costs.

The Company is working with CNG to identify potential projects that can be readily and quickly brought into production. The Company's objective is to identify projects that may also include the potential for further exploration to increase upon the existing resource base of the project. One such project has been identified. On September 23, 2009, the Company announced that it executed a memorandum of understanding with CNG and another partner to acquire a 100% interest in the Jiama mineral property ("Jiama"). The Jiama property is a significant polymetallic deposit consisting of copper, gold, silver, molybdenum, and other minerals. The parties have commenced the negotiation and preparation of definitive agreements regarding the purchase and sale of the property. As the acquisition will be a related party transaction under Canadian securities laws, the Company has established a special committee of independent directors to review the transaction. The Company has also commenced the process of preparing an NI 43-101 independent technical report and an independent valuation of the property. The valuation is expected to form the basis of a fairness opinion to be received by the special committee in completing its assessment of the transaction and negotiation of the acquisition price. If definitive agreements are concluded, completion of the transaction is anticipated to be subject to the approval of the Company's shareholders and the Toronto Stock Exchange, as well as customary conditions to closing.

On September 14, 2009, the Company announced that its subsidiary, Inner Mongolia Pacific Mining Co. Ltd. ("IMP"), secured a five-year Renminbi ("RMB") 290.0 million (US\$42.5 million) term loan ("Term Loan") from the Agricultural Bank of China. The purpose of the Term Loan is to satisfy the outstanding funding requirements for the capital expansion of the CSH project, including the refinancing of the capital expansion loan provided by China National Gold (CNG) in June 2009. The Term Loan is supported by a guarantee from CNG and matures in 5 years. The annual interest rate for the Term Loan is currently 5.184% and interest is payable monthly. The Company is focusing on obtaining additional financing to repay the 12% promissory notes that are due in December 2009. However, there can be no assurance that additional funding will be available to the Company or, if available, that this funding will be on acceptable terms.

Forward-Looking Information

Certain statements made herein, other than statements of historical fact relating to Jinshan, represent forward-looking information. In some cases, this forward-looking information can be identified by words or phrases such as "may", "will", "expect", "anticipate", "contemplates", "aim", "estimate", "intend", "plan", "believe", "potential", "continue", "is/are likely to", "should" or the negative of these terms, or other similar expressions intended to identify forward-looking information. This forward looking information includes, among other things, projected revenues and cash flows from gold production at the CSH Gold Mine; anticipated development, capital costs and operating costs; the acquisition of the Jiama property; the potential acquisition of additional gold or other mineral property assets; the results of the testing and analysis program being conducted on the CSH Gold Mine; the timing and receipt of an updated mining license for the CSH Gold Mine; the results of production and recovery rates once

JINSHAN GOLD MINES INC.

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

September 30, 2009

(Stated in U.S. Dollars, except as otherwise noted)

crusher operations commence; the possible sale of the Dadiangou project; and statements respecting anticipated business activities, planned expenditures, corporate strategies, participation in projects and financing, and other statements that are not historical facts.

By their nature, forward-looking information involves numerous assumptions, both general and specific, which may cause the actual results, performance or achievements of Jinshan and/or its subsidiaries to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information. Some of the key assumptions include, among others, the absence of any material adverse change in Jinshan's operations or in foreign exchange rates, the prevailing price of gold, effective tax rates and other assumptions underlying the financial performance of the CSH Gold Mine as listed in the Throughput Expansion Technical Report ("2008 CSH Technical Report") prepared in March 2008; Jinshan's ability to obtain regulatory approvals on a timely basis; continuing positive labour relations; the absence of any material adverse effects as a result of political instability, terrorism, natural disasters, litigation or arbitration and adverse changes in government regulation; the availability and accessibility to Jinshan of financing; and the performance by counterparties of the terms and conditions of all contracts to which Jinshan and its subsidiaries are a party. The forward-looking information is also based on the assumption that none of the risk factors identified in this MD&A that could cause actual results to differ materially from the forward-looking information actually occur.

Forward-looking information contained herein is stated as of the date of this MD&A based on the opinions, estimates and assumptions of management. There are a number of important risks, uncertainties and other factors that could cause actual actions, events or results to differ materially from those described as forward-looking information. In particular, important factors that could cause actual results to differ from this forward-looking information include those described under the heading "Risk Factors" in this MD&A. Jinshan disclaims any obligation to update any forward-looking information, whether as a result of new information, estimates, opinions or assumptions, future events or results or otherwise except to the extent required by law. There can be no assurance that forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The forward-looking information in this MD&A is expressly qualified by this cautionary statement. The reader is cautioned not to place undue reliance on forward-looking information.

Results of Operations

Overview

The Company initiated gold production at the CSH Gold Mine in July 2007. Effective on July 1, 2008, management determined that the CSH Gold Mine entered into commercial production and, commencing in the third quarter of 2008, the financial statement presentation reflects revenues and the costs of mining operations in the consolidated statement of operations. As the CSH Gold Mine entered into commercial production in the third quarter of 2008, financial and production information for the three months ended September 30, 2009 is comparable to the three months ended September 30, 2008. However, nine months ended September 30, 2009, is still not comparable to prior periods.

Sale proceeds, net of refining charges, received from the sale of pre-commercial gold production prior to July 1, 2008, were credited to deferred development costs. The Company sells production from the CSH Gold Mine pursuant to an agreement for the purchase and sale of gold and silver with CNG, who ships the doré to a designated refiner in China. Under the terms of the contract, the refiner refines the doré bars into 0.9995 pure gold and residual silver. Title to the gold and silver passes to the refiner on the date of payment by CNG to the Company. The selling price of the refined gold is based on the Shanghai Gold Exchange, which closely tracks the London Gold Fixing, and the Shanghai Huatong Platinum & Silver Exchange for refined silver. Gold and silver sales prices are denominated in Renminbi ("RMB") and sale proceeds are received by the Company in RMB.

Revenue from the sale of gold is recognized and recorded when all significant risks and rewards of ownership pass to the purchaser including delivery of the product, a fixed or determinable selling price, and reasonable assurance of

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

collectability. Settlement adjustments, if any, are reflected in revenue when the amounts are determinable. All gold revenue is received from one customer, CNG. Gold sales revenue is recognized at the fair value of consideration received net of refining charges. Gold sale prices are based on market spot prices at a specified date before shipment. Incidental revenues from the sale of silver by-product are classified with cost of sales.

The following table provides selected financial and operating data for the CSH Gold Mine for the three and nine months ended September 30, 2009:

	Three months ended September 30, 2008		Three months ended September 30, 2009		Nine months ended September 30, 2009	
Revenue	\$	13,096,113	\$	21,048,168	\$	47,038,521
Cost of sales excluding depreciation, amortization and depletion		(7,394,137)		(12,345,966)		(28,451,961)
Depreciation, amortization and depletion		(719,051)		(1,627,053)		(4,146,854)
Cost of sales		(8,113,188)		(13,973,019)		(32,598,815)
Mine operating earnings	\$	4,982,925	\$	7,075,149	\$	14,439,706
Gold produced (ounces)		18,078		28,543		42,980
Gold sold (ounces)		15,430		21,739		50,303
Total cost of gold sold per ounce	\$	526	\$	643	\$	648
Cash cost per ounce (Non-GAAP measure)	\$	485	\$	586	\$	552

Gold revenue for the three months ended September 30, 2009 was \$21.0 million realized from the sale of 21,739 ounces of gold at an average selling price of \$968 per ounce. Gold revenue for the same three months last year was \$13.1 million realized from the sale of 15,430 ounces of gold at an average selling price of \$849 per ounce. Gold revenue for the nine months ended September 30, 2009, was \$47.0 million realized from the sale of 50,303 ounces of gold at an average selling price of \$935 per ounce. For the three months ended September 30, 2009, gold poured at the CSH Gold Mine averaged 9,514 ounces per month, which was an improvement over the 6,026 ounces per month achieved over the third quarter of 2008 and an improvement over the 6,633 ounces per month achieved over the second quarter of 2009. It was also higher than the Company's designed monthly production level of 9,000 ounces per month. The average monthly gold production for the nine months ended September 30, 2009, was 6,424 ounces.

Total gold produced since the startup of the process plant in July 2007 to the end of September 2009, was 137,316 ounces. Total silver revenue and production for three and nine months ended September 30, 2009 were \$806,296 and 8,309 ounces, and \$1,290,683 and 22,891 ounces, respectively.

The CSH Gold Mine has experienced an actual overall gold recovery rate of approximately 41.9% since the start of gold production. However, the Company uses a 51% gold recovery rate for run of mine ("ROM") ore inventory to reflect recent production gains and expected future benefits of the above noted improvements. This recovery rate covers only the estimated gold recovery after one year of leaching the current inventory of ROM ore on the leach pad. The Company expects that the overall recovery rate will be higher than this amount as gold continues to leach from the pad over the course of time. Current estimates of the long-term cumulative recovery rate for the current inventory of ore on the leach pad amounts to approximately 66%, although the Company has not recorded this rate for purposes of its inventory calculation or otherwise reflected this rate in its financial statements. Further discussion on the expected gold production improvement when the three stage crushing facility comes into operation in Q1 2010 can be found under "Mine Development and Exploration Properties" in this MD&A.

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

The following table provides certain operating data:

	Three months ended September 30, 2008	Three months ended September 30, 2009	Nine months ended September 30, 2009	Commencement of production to September 30, 2009
Ore mined and placed on pad (tonnes)	1,353,018	3,410,138	5,324,556	9,657,326
Average grade of ore (grams per tonne)	0.656	0.535	0.622	0.682
Recoverable gold at 51% recovery rate (ounces)	14,553	33,947	67,165	102,824
Ending gold inventory (ounces)	43,475	57,914	57,914	57,914
Waste rock mined (tonnes)	4,254,537	3,981,765	4,737,068	12,526,839

The following table provides certain unit costs for three and nine months ended September 30, 2009:

	Three months ended September 30, 2008		Three months ended September 30, 2009		Nine months ended September 30, 2009	
Cost of mining per tonne of ore	\$	1.57	\$	1.44	\$	1.88
Cost of mining waste per tonne of ore	\$	1.92	\$	1.80	\$	1.66
Other mining costs per tonne of ore	\$	0.39	\$	0.15	\$	0.25
Total mining costs per tonne of ore	\$	3.88	\$	3.39	\$	3.79
Cost of reagents per tonne of ore	\$	1.02	\$	0.89	\$	1.26
Other processing costs per tonne of ore	\$	0.18	\$	0.22	\$	0.31
Total processing cost per tonne of ore	\$	1.20	\$	1.11	\$	1.56

For the three months ended September 30, 2009, cost of sales was \$14.0 million resulting in mine operating earnings of \$7.1 million. For the nine months ended September 30, 2009, cost of sales was \$32.6 million resulting in mine operating earnings of \$14.4 million. Cost of sales is made up of mining costs, processing costs and general and administration costs incurred at the mine site. The Company has made recent efforts to realize cost savings, which include utilizing CNG's bulk purchasing power by asking for terms similar to those offered by the suppliers to CNG, to reduce the purchase price of reagents and materials such as carbon, cyanide, lime, fuel and coal used in processing. The Company successfully negotiated amendments to the mining contract with its third party mining contractor that reduce mining costs and improve mining efficiency effective in December 2008. As a result of these changes, the Company began to realize reduced costs through reduced mining costs, prices for reagents and materials. However, mining during the second quarter and into the third quarter was carried out in the Southwest Zone because weathered ore in the Northeast Zone was depleted. The grade of ore in the Southwest Zone is lower and inconsistent compared to the Northeast Zone and this resulted in higher mining and processing costs for the second and third quarters.

For the three months ended September 30, 2009, the Company incurred associated pre-stripping costs with mining oxide ore in the Southwest Zone and, as a result, capitalized \$297,000 of pre-stripping costs to mineral properties and deferred development. The total pre-stripping costs capitalized for the nine months ended September 30, 2009 was \$9.4 million.

Depreciation, amortization and depletion were \$1.6 million and \$4.1 million for the three and nine months ended September 30, 2009, respectively. Capitalized costs are depreciated, amortized or depleted using either a unit-of-production method over the estimated economic life of the mine which they relate to, or using the straight-line method over their estimated useful lives.

For the three months ended September 30, 2009, the total cost of gold sold per ounce was \$643 while the cash cost of production was \$586. For the same three months in 2008, the total cost of gold sold per ounce was \$526 while the

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

cash cost of production was \$485. For the nine months ended September 30, 2009, the total cost of gold sold per ounce was \$648 while the cash cost of production was \$552.

At the start of commercial production on July 1, 2008, the Company recorded \$20.4 million of opening gold inventory and as of September 30, 2009, gold inventory recorded in the consolidated balance sheet was \$37.0 million. As the CSH Gold mine was not in commercial production prior to July 1, 2008, sale proceeds received from the sale of pre-commercial gold production were used to offset mine development costs prior to July 1, 2008.

The cash cost of production is a measure that is not in accordance with IFRS. The Company has included cash cost per gold ounce data to supplement its financial statements, which are presented in accordance with IFRS. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance, operating results or financial condition prepared in accordance with IFRS. The Company has included cash cost per ounce data because it understands that certain investors use this information to determine the Company's ability to generate earnings and cash flow for use in investing and other activities. The Company believes that conventional measures of performance prepared in accordance with IFRS do not fully illustrate the ability of its operating mine to generate cash flow. The measure is not necessarily indicative of operating results, cash flow from operations or financial condition as determined under IFRS. Cash costs are determined in accordance with the Gold Institute's Production Cost Standard.

The following table provides a reconciliation of cost of sales as per the financial statements and cash cost of production per ounce:

	Three months ended September 30, 2008		Three months ended September 30, 2009		Nine months ended September 30, 2009	
	Dollars per gold ounce		Dollars per gold ounce		Dollars per gold ounce	
Cost of sales	\$ (8,113,188)	\$ 526	\$ (13,973,019)	\$ 643	\$(32,598,815)	\$ 648
Adjustments:						
Depreciation, amortization and depletion	(719,051)	(40)	(1,627,053)	(57)	(4,146,854)	(96)
Selling costs	(21,914)	(1)	(853)	(0)	(2,397)	(0)
Total cash costs	\$ (8,854,153)	\$ 485	\$ (15,600,925)	\$ 586	\$(36,748,066)	\$ 552

Selected Quarterly Data

(\$ in thousands, except per share information)	Per IFRS							Per GAAP
	2009				2008			2007
	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec
Revenues	\$21,048	\$18,304	\$7,686	\$16,275	\$13,096	\$0	\$0	\$0
Exploration expenses	\$396	\$279	\$327	\$1,958	\$1,035	\$926	\$1,298	\$2,131
Net income (loss)	(3,480)	(3,775)	2,341	5,665	7,769	(2,007)	3,449	(4,577)
Basic earnings (loss) per share	(0.02)	(0.02)	0.01	0.03	0.05	(0.01)	0.02	(0.03)

For each of the quarters prior to July 1, 2008, the Company had no net sales or other operating revenues. The Company has never declared any dividends. Fluctuations in the quarterly net loss amounts leading up to commercial production in the third quarter of 2008 were primarily due to fluctuations in the level of exploration expenditures, foreign exchange gain or loss on the conversion of the notes payable from Canadian dollars to U.S. dollars, and interest expense for the 12% promissory notes 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; and fluctuations in the recognition of stock-based compensation charged to operations. No exploration expenses have been spent on the CSH mine this year.

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

The consolidated statements of operations for the three months ended September 30, 2009 are provided in the following table:

	For Three Months ended		
	September 30,		Increase
	2009	2008	(Decrease)
Revenues	\$ 21,048,168	\$ 13,096,113	\$ 7,952,055
Cost of sales			
Cost of sales excluding depreciation, amortization and depletion	(12,345,966)	(7,394,137)	4,951,829
Depreciation, amortization and depletion	(1,627,053)	(719,051)	908,002
	(13,973,019)	(8,113,188)	5,859,831
Mine operating earnings	7,075,149	4,982,925	2,092,224
Expenses			
Administration and office	(314,064)	(292,391)	21,673
Amortization	(6,536)	(4,834)	1,702
Exploration expenses	(395,567)	(1,034,974)	(639,407)
Investor relations	(17,333)	(87,954)	(70,621)
Professional fees	(220,345)	(186,264)	34,081
Salaries and benefits	(275,149)	(566,446)	(291,297)
Shareholder information, transfer agent and filing fees	(431,198)	(41,972)	389,226
Stock-based compensation	(60,390)	(312,019)	(251,629)
Travel	(15,376)	(62,928)	(47,552)
	(1,735,958)	(2,589,782)	(853,824)
Other Income (Expenses)			
Foreign exchange loss	(3,310,667)	1,667,877	(4,978,544)
Listing fees	(925,991)	-	(925,991)
Other income	292	19,819	(19,527)
Fair value change on warrant liabilities	(1,816,820)	5,165,013	(6,981,833)
Finance costs	(1,829,984)	(1,476,965)	(353,019)
	(7,883,170)	5,375,744	(13,258,914)
(Loss) income before income tax	(2,543,979)	7,768,887	(10,312,866)
Income tax expense	(936,877)	-	(936,877)
Net (loss) income	\$ (3,480,856)	\$ 7,768,887	\$ (11,249,743)

Three months ended September 30, 2009 and 2008

The net loss for the three months ended September 30, 2009 was \$3.5 million compared to net income of \$7.8 million in 2008. The change from a net income in 2008 to a net loss in 2009 was primarily due to a large foreign exchange loss and a negative fair value change on warrant liabilities.

There was an unrealized foreign exchange loss of \$3.3 million as a result of the conversion of the Canadian dollar denominated notes payable to U.S. dollars at the rate in effect on September 30, 2009 compared to the foreign exchange gain of \$1.7 million for the same quarter ended September 30, 2008. The U.S. dollar exchange rate weakened against the Canadian dollar during the quarter ended September 30, 2009.

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

Income tax expense for the three months ended September 30, 2009, was \$937,000 while there was no tax expensed in 2008.

Listing expenses for the three months ended September 30, 2009 were \$926,000 compared to no expenses for the same period in 2008.

Exploration expense decreased by \$639,000 for the three months ended September 30, 2009, compared to 2008, primarily because the Company scaled down many of its exploration activities.

Shareholder information, transfer agent and filing fees increased by \$389,000 for the three months ended September 30, 2009, compared to 2008 primarily due to the \$410,575 fee paid to CNG for helping secure financing.

Finance costs for the three months ended September 30, 2009, increased by \$353,000 from 2008 as the interest on the notes is in Canadian dollars and the Canadian dollar has risen against the US dollar in 2009.

Salaries and benefits decreased by \$291,000 for the three months ended September 30, 2009, compared to 2008 primarily due to fewer employees on the payroll.

Stock-based compensation decreased by \$252,000 for the three months ended September 30, 2009, compared to 2008, primarily because the number of stock options that expired or were cancelled increased in 2009 resulting in a reversal of expenses.

Investor relations decreased by \$71,000 for the three months ended September 30, 2009, compared to 2008 primarily due to a decrease in the cost of investor activities undertaken.

Travel expenses for administrative personnel decreased by \$48,000 for the three months ended September 30, 2009, compared to 2008 primarily due to fewer trips taken by corporate head office staff.

Professional fees are up \$34,000 for the three months ended September 30, 2009 as more accounting and legal services were required compared to the same period of 2008.

Administration and office expenses for the three months ended September 30, 2009, increased by \$22,000 compared to 2008, primarily due to increased overhead expenses.

Interest income decreased by \$20,000 from 2008 to 2009 due to the lower cash balance carried during the 2009 quarter.

JINSHAN GOLD MINES INC.**Management's Discussion and Analysis of Financial Condition and Results of Operations****September 30, 2009****(Stated in U.S. Dollars, except as otherwise noted)**

The consolidated statements of operations for the nine months ended September 30, 2009 are provided in the following table:

	For Nine Months ended		
	September 30,		Increase
	2009	2008	(Decrease)
Revenues	\$ 47,038,521	\$ 13,096,113	\$ 33,942,408
Cost of sales			
Cost of sales excluding depreciation, amortization and depletion	(28,451,961)	(7,394,137)	21,057,824
Depreciation, amortization and depletion	(4,146,854)	(719,051)	3,427,803
	(32,598,815)	(8,113,188)	24,485,627
Mine operating earnings	14,439,706	4,982,925	9,456,781
Expenses			
Administration and office	(839,086)	(898,515)	(59,429)
Amortization	(17,854)	(12,938)	4,916
Exploration expenses	(1,001,840)	(3,329,788)	(2,327,948)
Investor relations	(102,533)	(406,746)	(304,213)
Professional fees	(644,160)	(659,036)	(14,876)
Salaries and benefits	(785,868)	(1,154,358)	(368,490)
Shareholder information, transfer agent and filing fees	(530,623)	(180,053)	350,570
Stock-based compensation	(138,738)	(1,383,252)	(1,244,514)
Travel	(118,684)	(521,378)	(402,694)
	(4,179,386)	(8,546,064)	(4,366,678)
Other Income (Expenses)			
Foreign exchange gain (loss)	(5,439,771)	2,740,112	(8,179,883)
Listing fees	(925,991)	-	(925,991)
Interest income	3,732	161,581	(157,849)
Fair value change on warrant liabilities	(2,981,228)	11,691,156	(14,672,384)
Finance costs	(3,932,322)	(1,818,228)	(2,114,094)
	(13,275,580)	12,774,621	(26,050,201)
Income (loss) before income tax	(3,015,260)	9,211,482	(12,226,742)
Income tax expense	(1,899,098)	-	(1,899,098)
Net Loss	\$ (4,914,358)	\$ 9,211,482	\$ (14,125,840)

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

Nine months ended September 30, 2009 and 2008

The net loss for the nine months ended September 30, 2009 was \$4.9 million compared to \$9.2 million in 2008. The \$4.3 million decrease in the net loss in 2009 was primarily a result of a large foreign exchange loss and a negative fair value change in warrant liabilities.

There was an unrealized foreign exchange loss of \$5.3 million as a result of the conversion of the Canadian dollar denominated notes payable to U.S. dollars at the rate in effect on September 30, 2009. This was increased by an unrealized foreign exchange loss of \$100,000 as a result of the conversion of RMB financial results to U.S. dollars. This resulted in a combined foreign exchange loss of \$5.4 million compared to the foreign exchange gain of \$2.7 million for the same nine months ended September 30, 2008. The U.S. dollar exchange rate weakened against the Canadian dollar during the nine months ended September 30, 2009.

Exploration expense decreased by \$2.3 million for the nine months ended September 30, 2009, compared to 2008, primarily because the Company scaled down many of its exploration activities.

Income tax expense for the nine months ended September 30, 2009, was \$1.9 million while there was no income tax expense in 2008.

Stock-based compensation decreased by \$1.3 million for the nine months ended September 30, 2009, compared to 2008, primarily because the number of stock options that expired or were cancelled increased in 2009 resulting in a reversal of expenses.

Listing expenses for the nine months ended September 30, 2009 were \$926,000 compared to no expenses for the same period in 2008.

Travel expenses for administrative personnel decreased by \$403,000 for the nine months ended September 30, 2009, compared to 2008 primarily due to fewer trips taken by corporate head office staff.

Salaries and benefits decreased by \$368,000 for the nine months ended September 30, 2009, compared to 2008 primarily due to fewer employees on the payroll.

Shareholder information, transfer agent and filing fees increased by \$351,000 for the nine months ended September 30, 2009, compared to 2008 primarily due to the \$410,575 fee paid to CNG for helping secure financing.

Investor relations decreased by \$304,000 for the nine months ended September 30, 2009, compared to 2008 primarily due to decreased participation in investor conferences.

Interest income decreased by \$158,000 from 2008 to 2009 due to the lower cash balance carried during 2009 compared to 2008.

Administration and office expenses for the nine months ended September 30, 2009, decreased by \$59,000 compared to 2008, primarily due to management efforts to reduce overhead expenses.

Professional fees are down \$15,000 for the nine months ended September 30, 2009 as fewer accounting and legal services were required compared to the same period of 2008.

Finance costs for the nine months ended September 30, 2009, decreased by \$12,000 from 2008 as the more interest on the notes was capitalized instead of expensed.

JINSHAN GOLD MINES INC.

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

September 30, 2009

(Stated in U.S. Dollars, except as otherwise noted)

Mine Development and Exploration Properties

a) CSH Gold Mine

Property description - The CSH Gold Mine consists of a licensed area of 36 square kilometres ("km²") in the western part of Inner Mongolia, northern China, including an Exploration Permit of 25.91 km² contiguously surrounding a Mining Permit of 10.09 km². It is centrally positioned within the east-west-trending Tian Shan Gold Belt. The site is approximately 650 kilometres ("km") northwest of Beijing.

Joint venture agreement - In April 2002, the Company entered into a joint venture agreement with a Chinese partner, Brigade 217 of the Northwest Geological Bureau, to acquire up to a 96.5% interest in the CSH Gold Mine. In April 2005, the Company completed its earn-in obligations and acquired the 96.5% interest. The joint venture is operated through IMP.

The following table shows the cumulative expenditures made as of September 30, 2009:

	December 31, 2007	Incurred during the year	December 31, 2008	Incurred during the period	September 30, 2009
	\$	\$	\$	\$	\$
Exploration expenditure CSH					
charged to profit or loss	7,029,874	1,806,489	8,836,363	19,384	8,855,747
Mineral assets	26,108,626	(14,151,468)	11,957,158	12,019,281	23,976,439
Construction in progress	41,316	27,799,105	28,727,117	40,116,135	68,843,252

Updated resource estimate and Development Reports – Since the release of the Company's feasibility study in April 2006, the Company has announced updated resource estimates. The Company also completed a drill program on the CSH Gold Mine, focusing on expanding resources at both the Southwest and Northeast zones.

In February 2008, the Company reported an updated resource estimate on the CSH Gold Mine which included resources from both the Northeast Zone that is the subject of current mining activities and from the Southwest Zone. The National Instrument 43-101 compliant resource estimate was prepared by Mario Rossi of Geosystems International Inc., who reported Measured and Indicated Resources, at a 0.35 g/t cut-off grade, of 171.3 million tonnes, at an average grade of 0.71 g/t gold, for 3.92 million ounces of contained gold. In addition, inferred resources are now estimated at 1.33 million ounces of gold contained within 64.2 million tonnes grading 0.65 g/t gold at a 0.35 g/t cut-off. This updated resource estimate relies on all previous data and the 11,432 metres of drilling completed in 2007. In total, 41,623 metres of drilling in 182 drill holes have been completed in the Northeast and Southwest Zones at the CSH Gold Mine and 18,687 individual assays were used to build the block model.

On March 31, 2008, the 2008 CSH Technical Report was prepared by Joseph Keane of KD Engineering Co, Inc., Mario Rossi of Geosystems International Inc., John Nilsson of Nilsson Mine Services, and Russell Brown of Golder Associates Inc., which included the updated resource estimate and established an expanded mining plan for the CSH Gold Mine.

The original mine production schedule was developed to process 20,000 tonnes of ore per day with an estimated production rate based on installed capacity of approximately 120,000 ounces of gold per annum. In the 2008 CSH Technical Report, the authors prepared a mine plan for an open pit mine with a heap leach facility at a processing rate of approximately 30,000 tonnes of ore per day over a period of ten years, amounting to an average production estimate of approximately 165,000 ounces of gold per year. The development contemplates open pit mines in both the Northeast and Southwest Zones, along with associated waste dumps, heap leach facility, crusher and ancillary support infrastructure such as maintenance, fuel and administration facilities.

JINSHAN GOLD MINES INC.

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

September 30, 2009

(Stated in U.S. Dollars, except as otherwise noted)

Under the expansion framework, a total of 99 million tonnes of ore with an average grade of 0.71 grams per tonne, comprised of approximately 35 million tonnes of proven reserves grading at 0.74 g/t gold, and approximately 64 million tonnes of probable reserves grading at 0.69 g/t gold, will be placed on the heap leach pads during the mine life. The total waste mined is estimated at 121.8 million tonnes for a strip ratio of 1.23:1. Assuming that anticipated production rates can be achieved, it is estimated that a total of 1,648,200 ounces of gold will be recovered from the CSH Gold Mine during the life of the mine.

The 2008 CSH Technical Report concluded that increasing the mining capacity to 30,000 tonnes per day will involve additional mining equipment and personnel. In the 2008 CSH Technical Report, it is envisaged that capital infrastructure development for the CSH Gold Mine will evolve in two phases. The crushing plant purchased by the Company is capable of operating at a nominal rate of 30,000 tonnes per day. A leach pad extension for Phase II will need to be installed. Capital costs for Phases I and II are estimated at approximately \$68.1 million, which includes costs for the primary, secondary and tertiary crushing systems, infrastructure, and processing facility upgrades. The capital cost for future phases, which include leach pad expansion and an additional event pond, is estimated at \$21.2 million. Accordingly, the estimated total capital costs for the entire project are estimated at approximately \$89.3 million.

In the report, the authors stated that once the crushing facility is installed, ore should be fed to a primary crusher. The primary crusher discharge will pass to an open circuit secondary crusher, then to a closed circuit tertiary crushing system. The final crusher product will have a size distribution of 80 percent passing nine millimetres. The crushed ore will then be transported to the heap for leaching of the gold.

Operating costs were developed in RMB and converted to U.S. dollars using an exchange rate of 7.1 RMB for each U.S. dollar. In assessing operating costs for the expansion, the 2008 CSH Technical Report divided operating costs into three components: (i) general and administrative ("G&A") expenses; (ii) processing operating costs; and (iii) mining operating costs. Annual costs for G&A are estimated at \$0.63 per tonne of processed ore. Process cost is estimated at \$2.12 per tonne. Finally, annual operating costs for mining operations are expected to be variable with material type and time, and are estimated at approximately \$3.10 per tonne of ore over the life of the mine.

Using a \$600 gold price and a 100% production rate in the cash flow analysis, the 2008 CSH Technical Report indicated an internal rate of return of 38.2% (currently revised to 36%) and a payback period of 4 years. Using these assumptions, the pre-tax net present value at a 10% discount rate of the project going forward was \$87 million (currently revised to \$83 million). The 2008 CSH Technical Report also included a sensitivity analysis on the financial conclusions based on changes in the price of gold, recovery rates for gold and silver, gold and silver grade and capital and operating costs. It was concluded that the CSH Gold Mine is particularly sensitive to the prevailing price of gold, the recovery rate of gold and the grade of gold in the ore. The project economics are somewhat less sensitive to changes in capital and operating costs and silver inputs. The sensitivity to recovery rates is particularly relevant in light of the lower than anticipated recovery rates on weathered that have been experienced from ROM operations prior to full capacity operation of the crusher.

The Company's ROM operations have encountered lower than estimated quantities of available oxidized ore and a resultant greater than estimated quantity of mixed and sulfide ore in the pit. The Company has determined that this factor is the largest contributor to gold production underperforming the 9,000 ounce per month design expectations.

Monthly commercial gold production for the months of July 2008 to September 2009 is shown in the table below.

Month	2008						2009									Total
	July	August	September	October	November	December	January	February	March	April	May	June	July	August	September	
Ounces Produced	5,229	6,395	6,454	5,358	5,237	4,998	4,561	2,408	2,401	6,877	6,085	6,936	5,290	8,421	14,832	91,483

The final number of ounces produced for September 2009 of 14,832 exceeds the record high reported of 11,388 as the cleaning of the EW cells under normal maintenance procedures resulted in an additional 3,444 ounces of gold.

JINSHAN GOLD MINES INC.

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

September 30, 2009

(Stated in U.S. Dollars, except as otherwise noted)

As a result of the variance experienced from the actual ROM extraction and refining process, as compared to the estimates contained for ROM ore in the 2008 CSH Technical Report, the Company has undertaken a test program and mine analysis. This program was developed in consultation with and operated under the review of KD Engineering, Geosystems International, and Nilsson Mine Services, qualified persons responsible for the 2008 CSH Technical Report, and is focussing, in particular, on the contemplated sulphide ore (referred to as "Fresh Ore") and crushing operations that will form the bulk of future mining operations. While the Company has experienced gold grades that are consistent with the resource estimates, the discrepancy experienced with recovery rates prompted the Company to undertake further metallurgical analysis in advance of mining of Fresh Ore and completion of construction of the crusher installation. Testing includes verifying estimates from the 2008 CSH Technical Report on mineralogy throughout the deposit, verifying Fresh Ore recovery rates and modelling adjustments in certain key operating inputs such as transitioning from a 6 meter to 12 meter bench height and changing the crush size from 9 millimetres to 6 millimetres.

The test program includes open cycle column leach tests on 15 composite samples from the Northeast and Southwest deposits. Samples have been selected to represent possible variability in ores along strike, across strike, and with depth within the deposits. The samples have been predominately collected from material that is scheduled to be mined in 2009 and later and, depending on the results of this work, additional test work may be necessary to adequately characterize material to be mined in later years.

Crusher system activities – The Company has completed installation of a 30,000 tonne per day crushing facility and has been test running such facility since mid-August, 2009.

The throughput is gradually ramping up and Jinshan expects the crushing facility to reach design capacity of 30,000 tonnes of ore per day early in the first quarter of 2010. This is expected to result in increased recoveries from ROM operations to date and a higher production volume of up to 30,000 tonnes per day, causing a substantial increase in gold production.

Construction of the required leach pad extension began in early June 2009 and is about 50% complete. Due to the upcoming winter season, the remaining work on the leach pad extension is scheduled to be completed before the 2010 rainy season.

Weathered ore in the Northeast and Southwest Zones was expected to be sufficient for mining until the installation of the crushers was complete. The Company believes that there is sufficient remaining ROM weathered and/or mixed ore in the Northeast and Southwest Zones to continue partial ROM operations until the crushing system reaches its designed 30,000 tonnes per day capacity in the first quarter of 2010.

During the course of the Company's operations, the Company expects that additional normal business operating permits and licenses that are typical for an operating mine will be required. The Company will make applications for these permits and licenses as and when required during the course of its development and operations.

b) Dadiangou Project

Property description – The Dadiangou project consists of a licensed area of 15 km² in Gansu Province, China. The project is located in the Qinling Fold Belt, a gold producing region that trends west to east through the provinces of Gansu and Shaanxi in central China.

Joint venture agreement – In September 2005, the Company entered into a joint venture agreement with its Chinese partner, Nuclear Industry Northwest Economic and Technology Company ("NINETC") to acquire a majority interest in the Dadiangou project. Under the terms of the original agreement, the Company could have earned a 71% interest by incurring exploration expenditures of approximately \$3.7 million over the first three years of exploration commencing on September 19, 2006 and making payments to NINETC of approximately \$1.4 million (of which \$0.125 million has been paid). The Company could have increased its interest to 80% by incurring additional exploration expenditures of approximately \$3.2 million and by making additional payments of

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

approximately \$0.4 million to NINETC. NINETC could have then chosen to participate at a 20% level for all future expenditures, or have their ownership interest diluted.

As of April 3, 2009, the Company and NINETC have entered into a supplemental agreement which locks in the Company's ownership of the Dadiangou project at 53%. This percentage was arrived at based upon cumulative expenditures made by the Company and the previously agreed upon value of the property contributed by NINETC. In addition, the Company will no longer be required to make the remaining expenditures described above to NINETC.

The following table shows the cumulative expenditures made as of September 30, 2009.

	Cumulative Balance December 31, 2008	Additions During the Period	Cumulative Balance September 30, 2009
Exploration	\$ 5,427,902	\$ 299,252	5,727,154

On September 19, 2006, the Company announced the receipt of the business license for the Joint Venture Company, Gansu Pacific Mining Co. Ltd., and paid NINETC \$150,000 pursuant to an additional agreement entered into on July 11, 2006. Since the receipt of the business license, the Company has completed Phase I, II, and III drill programs for a total of 14,910 metres drilled in 68 diamond drill holes. The drilling programs have been designed to test the Dadiangou Main Shear Zone ("Zone") along a strike length of approximately four kilometers. In addition to drilling, the Company has completed surface mapping, trenching, soil sampling, and underground channel sampling programs.

An updated resource estimate incorporating the Phase III drilling results was released on December 1, 2008. The National Instrument 43-101 compliant resource estimate was prepared by Mario Rossi, M.Sc., Min. Eng., of Geosystems International Inc., an Independent Qualified Person. This updated resource estimate relies on data from all three phases of drilling (14,910 metres in 68 drill holes), underground channel sampling, and surface trench sampling. At a 0.4 gram per tonne cut-off, Indicated Resources total 20.0 million tonnes at 0.87 grams per tonne for 544,910 ounces of contained gold and Inferred Resources total 16.6 million tonnes at 0.96 grams per tonne for 497,950 ounces of contained gold. Within this overall resource, a higher grade core has been defined that includes Indicated Resources of 5.6 million tonnes at 2.05 grams per tonne for 369,250 ounces of contained gold and Inferred Resources of 3.8 million tonnes at 2.07 grams per tonne for 253,560 ounces of contained gold.

The Company has reviewed its plans for the Dadiangou project and is currently reviewing the possible sale of the project.

c) Xinjiang Projects

At present, the Company has no plans to continue with further exploration work on any of the previously held Xinjiang exploration permits. The Company is focused on the identification and acquisition of new projects with large scale potential.

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

Liquidity and Capital Resources

The consolidated balance sheets as of September 30, 2009 and December 31, 2008 are shown in the following table:

	September 30, 2009	December 31, 2008
	\$	\$
ASSETS		
CURRENT		
Cash and cash equivalents	18,459,846	12,142,739
Restricted cash	-	5,215,704
Accounts receivable	1,356,828	148,771
Prepaid expenses and deposits	650,954	7,176,502
Inventory	36,903,619	27,644,767
	57,371,247	52,328,483
NON-CURRENT		
Long term receivable	112,297	-
Property, plant and equipment	116,209,459	66,982,216
	173,693,003	119,310,699
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	29,353,668	18,784,206
Construction payable	9,777,041	132,779
Net customer advances	3,344,889	15,659
Borrowings	46,832,547	41,603,514
	89,308,145	60,536,158
NON-CURRENT		
Deferred lease inducement	132,534	-
Notes payable	41,389,449	14,929,121
Term loan	3,255,735	274,507
Asset retirement obligation	4,517,602	4,131,735
	49,295,320	19,335,363
	138,603,465	79,871,521
SHAREHOLDERS' EQUITY		
Share capital	91,227,833	90,384,469
Equity reserve	4,606,154	4,884,800
Deficit	(61,545,570)	(56,125,822)
	34,288,417	39,143,447
Non-controlling interest	801,121	295,731
Total owners' equity	35,089,538	39,439,178
Total liabilities and owners' equity	\$ 173,693,003	\$ 119,310,699

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

Since the second half of 2008, the global economy continues to experience one of the most unsettling times in recent history and has resulted in share prices of many mining companies declining significantly. In these turbulent times, management continues to focus on improving cash flow from its CSH Gold Mine by taking the time to properly develop assets, ensuring effective management of capital expenditures, preserving capital, maximizing cash balances and maintaining maximum flexibility with assets.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business. The Company has a working capital deficiency of \$32.0 million and has an accumulated deficit of \$61.5 million. The Company's ability to continue as a going concern is dependent upon the ability of the Company to obtain financing and generate positive cash flow from the CSH Gold Mine. The Company is monitoring cash flow generated from operations at the CSH Gold Mine against cash requirements for its operating costs, to fund other on-going expenses, for capital expansion plans and for future business opportunities. The Company is also reviewing this in the context of loans that have been secured to finance the development and operations of the CSH Gold Mine. These loans include \$46.6 million (CDN \$50.0 million) (see Note 9 principal amount of senior unsecured promissory notes), of which \$28.0 million (CDN \$30.0 million) principal amount falls due in December 2009 and \$18.7 million (CDN \$20.0 million) principal amount falls due in June 2010. In September 2009, the Company's subsidiary, Inner Mongolia Pacific Mining Co. Ltd. ("IMP"), secured a \$42.5 million (RMB 290.0 million) term loan from the Agricultural Bank of China to complete construction of the CSH Gold Mine expansion. See other contractual obligations in Note 16 (c). Even in the context of increased financial performance at the CSH Gold Mine, the Company does not expect that cash flow from the CSH Gold Mine will be sufficient to cover all of its operating requirements, financial commitments and business development priorities during the next twelve months. Accordingly, the Company expects that it will need to obtain further financing in the form of debt, equity or a combination thereof for the next twelve months. If current market conditions and tightening credit markets persist for an extended time, they could negatively affect the Company's ability to obtain equity financing or external debt financing. There can be no assurance that additional funding will be available to the Company or, if available, that this funding will be on acceptable terms. If adequate funds are not available, the Company may be required to delay or reduce the scope of any or all of its development projects.

As of September 30, 2009, the Company had a working capital deficiency of \$32.0 million and cash resources of \$18.5 million. During the three months ended September 30, 2009, net cash inflows from operations were \$15.0 million. Cash outlays included \$10.9 million spent on property, plant and equipment, primarily for the crusher construction at the CSH Gold Mine. The term loan negotiated with the Agricultural Bank of China provided cash inflows of \$42.8 million. By the end of September, the Company repaid the \$15.7 million of net customer advances and the \$19.0 million of the short term loan and credit facility. Stock options were exercised which increased cash inflows by \$426,000. The net cash increase for the three months ended September 30, 2009, was \$11.1 million.

During the nine months ended September 30, 2009, net cash inflows from operations were \$22.8 million. Cash outlays included \$37.7 million spent on property, plant and equipment, primarily for the crusher construction at the CSH Gold Mine. They also included the repayment of the Bridge loan from the Industrial and Commercial Bank of China for \$18.9 million and the short-term credit facility from CNG of \$11.7 million. The term loan negotiated with the Agricultural Bank of China provided cash inflows of \$42.9 million while CNG provided net customer advances of \$3.3 million. Stock options were exercised for \$426,000. The net cash increase for the nine months ended September 30, 2009, was \$6.3 million after the release of \$5.2 million cash previously restricted.

As of September 30, 2009, of the total \$18.5 million in cash and cash equivalents, the Company had approximately CDN \$600,000 (\$571,000) held in Canadian funds and RMB 110.1 million (\$16.1 million) in Chinese funds, which exposed the Company to risks associated with foreign exchange fluctuations.

The Company's primary source of cash has been through gold sales, the issuance of common shares and warrants from private placements, exercise of stock options, warrants, short-term and long term borrowings. Such proceeds received have been used to fund operations, development of the CSH Gold Mine and exploration expenditures.

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

The following table details the Company's contractual obligations as of September 30, 2009:

	Payments Due By Year						
	Total	2009	2010	2011	2012	2013	Thereafter
Principal repayment on notes payable	\$ 46,633,091	\$27,979,855	\$18,653,236	\$ -	\$ -	\$ -	\$ -
Principal repayment on term loan	42,523,864	-	1,466,340	1,466,340	8,798,041	17,596,082	13,197,061
Operating leases (a)	750,177	30,113	115,132	115,132	154,474	167,663	167,663
Purchase commitments (b)	14,460,133	3,752,433	8,462,750	2,244,950	-	-	-
Total	\$104,367,265	\$31,762,401	\$28,697,458	\$ 3,826,422	\$8,952,515	\$17,763,745	\$13,364,724

(a) Operating leases are primarily for premises.

(b) Purchase commitments relate to contracts signed for the construction of and equipment supply for the crusher expansion for the CSH Gold Mine.

In October 2006, the Company signed a ten year service contract with a third party to provide mining services for the CSH Gold Mine commencing in the first quarter of 2007. The value of the mining service each year will vary and is dependent upon the amount of mining work performed. In November 2008, this contract was amended and restated to set fixed rate mining costs and extend the term to November 2018.

The Company is from time to time involved in various claims, legal proceedings and complaints arising in the ordinary course of business. The Company does not believe that adverse decisions in any pending or threatened proceedings related to any matter, or any amount which it may be required to pay by reason thereof, will have a material effect on the financial conditions or future results of operations of the Company.

Profit and other cash distributions by the Company's subsidiaries in China must comply with China's tax and foreign exchange regulations. Such distributions must also be approved by various regulatory authorities such as the State Administration of Exchange Control.

Off-Balance Sheet Arrangements

As at September 30, 2009, the Company had no off-balance sheet arrangements.

Related Party Transactions

The Company is a party to a shareholders' cost-sharing agreement with certain other public and private companies, (the "Other Companies") pursuant to which the Company and the Other Companies are equal shareholders in Global Mining Management ("GMM") and, through GMM, share office space, furnishings and equipment and communications facilities (on a cost recovery basis) and the employment of various administrative, office and management personnel in Vancouver, British Columbia. Costs of the shared office facilities and the shared employees are recovered from the Company proportionate to the time spent by the shared employees on matters pertaining to the Company. Certain of the directors and officers of the Company were also officers and directors of GMM. Accordingly, fluctuations in the costs of administrative and personnel costs can be expected commensurate with increases or decreases in yearly corporate activity and the level of personnel employed. The Company has utilized the services of the GMM staff and office since April 1, 2003, and has incurred costs of \$nil (2008 - \$0.5 million) for the nine months ended September 30, 2009. Accounts payable of \$nil (2008 - \$0.3 million) was owed to GMM and prepaid expenses and deposits of \$nil (2008 - \$0.2 million) deposited with GMM as of March 31, 2009. Effective May 2008, GMM and its affiliated companies were no longer related parties to Jinshan.

In October 2008, the Company signed an agreement for the refining and purchase and sale of gold doré with CNG, who is shipping the gold doré to a designated refiner in China.

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

The Company has agreed to apply future gold deliveries to CNG at the then gold spot prices against the customer advances. The customer advances do not have any other terms of repayment and were made by CNG to assist the Company to meet its debt obligations.

The Company paid to CNG and/or its subsidiaries or had amounts owing or balances on deposit for the following amounts:

	Three months ended		Nine months ended	
	Sept 30,		Sept 30,	
	2009	2008	2009	2008
Gold sales made to CNG	\$ 21,048,168	\$ -	\$ 47,038,521	\$ -
Silver sales made to CNG (netted in cost of sales)	-	-	135,058	-
Benefits for certain senior managers	3,176	-	37,518	-
Capital works in progress	126,589	-	307,931	-
Prepayment of future gold sales from CNG	17,059,251	-	(3,429,253)	-
Other accounts payable to CNG	(32,433)	-	(61,263)	-
Accounts receivable from CNG	(1,287,950)	-	145,627	-

Financial Instruments

The fair values of the Company's cash and cash equivalents, restricted cash, accounts receivable, accounts payable and short-term loan approximate their carrying values due to their short term nature.

The carrying amounts of the notes payable measured at amortized cost in the Company's and the Company's financial statements approximate their fair values.

The Company's financial instruments are exposed to certain financial risks including currency risk, credit risk, liquidity risk and interest risk.

(a) *Currency risk*

The Company is exposed to the financial risk related to the fluctuation of foreign exchange rates. The Company operates in China and Canada and its functional currency is U.S. dollar. A significant change in the currency exchange rates between RMB or Canadian dollar relative to U.S. dollar could have a significant effect on the Company's results of operations, financial position or cash flows. The Company has not hedged its exposure to currency fluctuations.

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

The Company is exposed to currency risk through the following assets and liabilities denominated in Canadian dollars and RMB:

Canadian dollar monetary assets and liabilities

	September 30,	December 31,
	2009	2008
	US\$	US\$
Cash and cash equivalents	643,145	649,888
Accounts receivable	56,328	35,211
Accounts payable and accrued expenses	(1,366,536)	(829,882)
Borrowings	(45,366,207)	(37,859,905)
Warrant liabilities	(3,255,735)	(274,507)
	(49,289,005)	(38,279,195)

Based on the above net exposures, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the Canadian dollar against the U.S. dollar would result in an increase in the Company's income before tax/decrease in income before tax of approximately \$4,928,000 for the nine month period ended September 30, 2009, and a decrease in the Company's loss before income tax/increase in loss before income tax of approximately \$3,827,000 for the nine month period ended September 30, 2008.

RMB monetary assets and liabilities

	September 30,	December 31,
	2009	2008
	US\$	US\$
Cash and cash equivalents	16,143,519	5,538,082
Restricted cash	-	1,326,358
Accounts receivable	124,456	113,560
Accounts payable and accrued expenses	(39,826,534)	(18,031,985)
Borrowings	(42,855,789)	(18,672,730)
	(66,414,348)	(29,726,715)

Based on the above net exposures, and assuming that all other variables remain constant, a 10% depreciation or appreciation of the RMB against the U.S. dollar would result in an increase in the Company's income before tax/decrease in income before tax of approximately \$6,641,000 for the nine month period ended September 30, 2009 and a decrease in the Company's loss before income tax/increase in loss before income tax of approximately \$2,973,000 for the nine month period ended December 31, 2008.

(b) *Credit risk*

Credit risk is the risk of an unexpected loss if a customer or third party to a financial asset fails to meet its contractual obligations. The Company sells approximately 99.9% of its gold to one creditworthy customer, CNG, who is also the Company's substantial shareholder for the nine month period ended September 30, 2009 and exposes the Company to concentration of credit risk. The failure of this customer to make required payments could have a

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

negative impact on the Company's results. The Company manages this risk by demanding upfront payment from this customer. The Company's cash and short-term bank deposits are held in large Chinese and Canadian banks. These investments mature at various dates within 3 months. The Company does not have any asset backed commercial paper in its short-term bank deposits. The Company's accounts receivable consists primarily of goods and services tax refund due from the Federal Government of Canada, all of which are not outstanding for more than 180 days.

The Company had concentration of credit risk by geographical locations as the other receivables comprise various debtors which are located either in PRC or Canada during the Relevant Periods.

Maximum exposure to credit risk is as follows:

	<u>September 30,</u>	<u>December 31,</u>
	<u>2009</u>	<u>2008</u>
	\$	\$
Bank balances	18,459,846	12,140,045
Bank short-term deposits	-	2,694
Restricted cash	-	5,215,704
Accounts receivable	1,356,828	148,771
	19,816,674	17,507,214

The Company had concentration of credit risk exposure on the amounts due from subsidiaries and the risk of default payment depends on the gold production activities carried out by its subsidiaries. The Company monitors the gold production activities of the subsidiaries and the level of credit risk exposures to ensure that appropriate follow up actions are taken when required.

(c) *Liquidity risk*

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure and financial leverage. The Company has secured additional financing.

The following table details the Company's and the Company's remaining contractual maturities for its non-derivative financial liabilities. The table is based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to satisfy the liabilities.

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

	Weighted average interest rate	Within 1 year	1-2 years	2-5 years	Total undiscounted cash flow	Carrying Amount
	%	\$	\$	\$	\$	\$
As at December 31, 2008						
Accounts payable and accrued expenses	-	18,799,865	-	-	18,799,865	18,799,865
Construction payable	-	132,779	-	-	132,779	132,779
Short-term loan (Note 12 (i))	6.21	19,248,137	-	-	19,248,137	18,672,730
Note payables (Note 12 (ii)(a))	12.00	27,318,024	-	-	27,318,024	22,930,784
Note payables (Note 12 (ii)(b))	12.00	1,960,783	17,297,421	-	19,258,204	14,929,121
		67,459,588	17,297,421	-	84,757,009	75,465,279
As at September 30, 2009						
Accounts payable and accrued expenses	-	29,353,668	-	-	29,353,668	29,353,668
Construction payable	-	9,777,041	-	-	9,777,041	9,777,041
Short-term loan					-	-
Long-term loan - ABC	5.184	1,466,340	1,466,340	39,923,109	42,855,789	42,855,789
Long-term loan - CNG	6.00	-	-	-	-	-
Note payables (Note 23 (ii)(a))	12.00	28,173,648	-	-	28,173,648	27,564,221
Note payables (Note 23 (ii)(b))	12.00	19,965,249	-	-	19,965,249	17,801,984
		88,735,946	1,466,340	39,923,109	130,125,395	127,352,704

(d) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's short term bank deposits, notes payables and short-term loan have fixed interest rates and therefore, are not subject to interest rate fluctuations but changes to exchange rates could affect interest payable (see Note 12) and is subject to fair value interest rate risk. The risk that the Company will realize a loss as a result of a decline in the interest rates relates to its variable rate bank balances and a 100 basis point higher/lower in the interest rate of its variable rate bank balances would result in an increase in the Company's income before tax/decrease in income before tax of \$184,000 for the nine month period ended September 30, 2009 and a decrease in the Company's loss before income tax/increase in loss before income tax of approximately \$121,000 for the year ended December 31, 2008.

The Company monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

(e) *Fair value measurements recognized in the statement of financial position*

The analysis of financial instruments that are measured subsequent to initial recognition at fair value can be categorized into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's financial liabilities at FVTPL include warrant liabilities and are categorized into Level 2. There has been no transfer between Level 1 and Level 2 of the financial instruments at FVTPL throughout the Relevant Periods and the details are as follows:

	<u>September 30,</u>	<u>December 31,</u>
	<u>2009</u>	<u>2008</u>
	\$	\$
Financial liabilities at FVTPL		
Warrant liabilities (Level 2)	<u>3,255,735</u>	<u>274,507</u>
	<u>3,255,735</u>	<u>274,507</u>

(f) *Price risk*

The Company is exposed to price risk of the Company's shares through its financial liabilities at FVTPL - warrant liabilities. Therefore, the Company is exposed to price risk because of changes in market prices of its shares.

Price sensitivity analysis

The sensitivity analysis has been determined based on the exposure to price risks for warrant liabilities fluctuating in the TSX stock market at the Relevant Period.

If the Company's share price had been 50% higher/lower at the end of each reporting period and all other variables were held constant, the Company's income before tax would decrease/increase by \$2,984,000 for the nine month period ended September 30, 2009, and the Company's loss before tax would be increased/decreased by approximately \$2,287,000 for the year ended September 30, 2008 as a result of the changes in market price of the Company's shares.

Outstanding Share Data

The Company is authorized to issue an unlimited number of common shares without par value. As of November 12, 2009, 164,832,459 common shares were issued and outstanding, 2,254,000 stock purchase options had been granted and were outstanding, and 6,060,000 common share purchase warrants had been issued and were outstanding. On a fully diluted basis, 173,266,459 common shares were outstanding.

Critical Accounting Estimates

A detailed summary of all of the Company's significant accounting policies is included in Note 4 to the interim Consolidated Financial Statements for the period ended September 30, 2009.

In the process of applying the Company's accounting policies, which are described in Note 4, the directors of the Company have identified the following judgement and key sources of estimation uncertainty that have significant effect on the amounts recognized in the financial information. The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months, are discussed below.

JINSHAN GOLD MINES INC.

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

September 30, 2009

(Stated in U.S. Dollars, except as otherwise noted)

(a) Inventories

The Company records the cost of mining ore placed on its leach pads and in process at its mine as gold-in-process inventory, and values gold-in-process inventory at the lower of cost and estimated net realizable value. These costs are charged to earnings and included in cost of sales on the basis of ounces of gold recovered. The assumptions used in the valuation of gold-in-process inventories include estimates of gold contained in the ore placed on leach pads, assumptions of the amount of gold that is expected to be recovered from the ore placed on leach pads, and the amount of gold in the process plant and an assumption of the gold price expected to be realized when the gold is recovered. If these estimates or assumptions prove inaccurate, the Company could be required to write down the recorded value of its gold-in-process inventories.

Although the quantities of recoverable gold placed on the leach pad are reconciled by comparing the grades of ore placed on the leach pad to the quantities actually recovered, the nature of the leaching process inherently limits the ability to precisely monitor inventory levels. The actual recovery of gold from the leach pad is not known until the leaching process has concluded at the end of the mine life.

(b) Property, plant and equipment

The Company's property, plant and equipment is depreciated and amortized on either a unit-of-production basis or straight-line method over their estimated useful lives. Under the unit-of-production method, the calculation of depreciation of property, plant and equipment is based on the amount of reserves expected to be recovered from the mine. If these estimates of reserves prove to be inaccurate, or if the Company revises its mining plan, due to reductions in the metal price forecasts or otherwise, to reduce the amount of reserves expected to be recovered, the Company could be required to write down the recorded value of its property, plant and equipment, or to increase the amount of future depreciation and depletion expense.

In addition, IFRS requires the Company to consider at the end of each reporting period whether there has been an impairment indicator of its property, plant and equipment. If the Company determines there has been an impairment because its prior estimates of future net cash flows have proven to be inaccurate, due to reductions in the metal price forecasts, increases in the costs of production, reductions in the amount of reserves expected to be recovered or otherwise, or because the Company has determined that the deferred costs of non-producing properties may not be recovered based on current economics or permitting considerations, the Company would be required to write down the recorded value of its property, plant and equipment.

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

(c) *Environmental rehabilitation*

Environmental rehabilitation costs have been estimated based on the Company's interpretation of current regulatory requirements and have been measured at the net present value of expected future cash expenditures upon reclamation and closure. Environmental rehabilitation costs are capitalized as mineral assets costs and amortized over the life of the mine. Because the fair value measurement requires the input of subjective assumptions, including the environmental rehabilitation costs, changes in subjective input assumptions can materially affect the estimate of the obligation.

(d) *Warrants issued with Canadian dollar exercise prices*

The fair value of warrants issued with Canadian dollar exercise prices are subject to the limitation of the Black-Scholes option pricing model that incorporates market data and involves uncertainty in estimates used by management in the assumptions. Because the Black-Scholes option pricing model requires the input of highly subjective assumptions, including the volatility of share price, changes in subjective input assumptions can materially affect the fair value estimate.

International Financial Reporting Standards ("IFRS")

Transition to IFRS from GAAP

In February 2008, the Canadian Accounting Standards Board confirmed that Canadian publicly accountable enterprises will be required to adopt International Financial Reporting Standards ("IFRS") for financial periods beginning on and after January 1, 2011. In the Canadian Securities Administrators ("CSA") Staff Notice 52-321 – Early Adoption of International Financial Reporting Standards, Use of US GAAP and Reference to IFRS-IASB, CSA has indicated that it would be prepared to provide exemptive relief to permit a Canadian reporting issuer to prepare its financial statements in accordance with IFRS for financial periods beginning before January 1, 2011.

The Company is in the application process for a listing of its common shares on an Asian stock exchange. As part of the application process, the Company is required to provide financial statements under IFRS with three years of comparative data ("Relevant Periods"). In order to produce the required International Accounting Standards Board ("IASB") financial statements, the Company intends to produce 2009 interim IFRS statements with an IFRS transition date of January 1, 2006. As per Appendix A of IFRS 1, "An entity cannot have more than one set of IFRS financial statements. Therefore, it must have only one starting point for transition to IFRS". The Company has now received exemptive relief under Staff Notice 52-321 in order to be permitted to adopt IFRS for Canadian reporting purposes for all financial statement filings that occur on or after January 1, 2010. The Company now has an effective IFRS adoption date of January 1, 2009 (including interim comparative periods after January 1, 2009) and a transition date of January 1, 2006 ("Transition Date").

IFRS Conversion

The Company has implemented a comprehensive IFRS conversion plan, which takes into account matters such as changes in accounting policies, restatement of comparative periods, organizational and internal controls and any required changes to business processes. The Company retained an external third party accounting firm to assist with the conversion plan. In addition, the Company has appointed an internal staff member as IFRS conversion project manager, which together with the external third party accounting firm will help ensure the full impact of the conversion is understood and managed reasonably. Accounting staff has also attended several training courses on the adoption and implementation of IFRS. The Company believes that its accounting personnel have obtained a thorough understanding of IFRS.

The Company has also reviewed its current internal and disclosure control processes and believes they will not need significant modification as a result of its planned conversion to IFRS.

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

First time adoption of IFRS

(a) *Transition to IFRS*

The Company's consolidated financial statements for the year ending December 31, 2009 are the first annual financial statements that comply with IFRS and were prepared as described in Note 4, including the application of IFRS 1. IFRS 1 requires an entity to adopt IFRS in its first annual financial statements prepared under IFRS by making an explicit and unreserved statement in those financial statements of compliance with IFRS.

IFRS 1 also requires that comparative financial information be provided. As a result, the first date at which the Company has applied IFRS was January 1, 2006 (the "Transition Date"). IFRS provides for certain optional exemptions and certain mandatory exceptions for first time IFRS adopters.

Below is the Company's consolidated statement of financial position as at the transition date of January 1, 2006 under IFRS.

	January 1, 2006
	\$
Current assets	
Cash and cash equivalents	15,414,581
Accounts receivable	569,409
Prepaid expenses and deposits	215,125
	16,199,115
Non-current assets	
Property, plant and equipment	918,700
Total assets	17,117,815
Current liabilities	
Accounts payable and accrued expenses	1,206,076
Share purchase warrants	2,263,489
Total liabilities	3,469,565
Owners' equity	
Share capital	35,433,993
Equity reserve	2,449,090
Deficit	(24,234,833)
Total owners' equity	13,648,250
Total liabilities and owners' equity	17,117,815

(b) *Initial elections upon adoption*

Set forth below are the IFRS 1 applicable exemptions and exceptions applied in the conversion from Canadian GAAP to IFRS.

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

(i) IFRS exemption options

(1) Business combinations

IFRS 1 provides the option to apply IFRS 3, *Business Combinations*, retrospectively or prospectively from the Transition Date. The retrospective basis would require restatement of all business combinations that occurred prior to the Transition Date. The Company elected not to retrospectively apply IFRS 3 to business combinations that occurred prior to its Transition Date and such business combinations have not been restated. Further, the Company will not early adopt IFRS 3 Revised and instead will adopt that standard upon its effective date which, for the Company, will be January 1, 2010.

(2) Currency translation differences

Retrospective application of IFRS would require the Company to determine cumulative currency translation differences in accordance with IAS 21, *The Effects of Changes in Foreign Exchange Rates*, from the date a subsidiary or equity method investee was formed or acquired. IFRS 1 permits cumulative translation gains and losses to be reset to zero at transition date. The Company elected to reset all cumulative translation gains and losses to zero in opening retained earnings at its Transition Date.

(3) Share-based payments

IFRS 2, *Share-based Payments*, encourages application of its provisions to equity instruments granted on or before November 7, 2002, but permits the application only to equity instruments granted after November 7, 2002 that had not vested by the Transition Date. The Company elected to avail itself of the exemption provided under IFRS 1 and applied IFRS 2 for all equity instruments granted after November 7, 2002 that had not vested by its Transition Date. Further, the Company applied IFRS 2 for all liabilities arising from share-based payment transactions that existed at its Transition Date. As a result of the transition method elected, the Company reversed the historical Canadian GAAP share-based compensation charges impacting shareholders' equity from retained earnings to capital.

(ii) IFRS mandatory exceptions

Estimates

Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

JINSHAN GOLD MINES INC.

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

September 30, 2009

(Stated in U.S. Dollars, except as otherwise noted)

IFRS employs a conceptual framework that is similar to Canadian GAAP. While the adoption of IFRS has not changed the actual cash flows of the Company, the adoption has resulted in significant changes to the reported financial position and results of operations of the Company. Presented below are reconciliations prepared by the Company to reconcile to IFRS the assets, liabilities, equity, net loss and cash flows of the Company from those reported under Canadian GAAP.

Total assets

	December 31, 2006	December 31, 2007	December 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009
Total assets under Cdn GAAP after restatement	50,873,318	87,465,388	120,542,330	125,421,913	140,227,624	174,650,199
<i>Adjustment for environmental</i>						
Inventory	-	(2,215,390)	(616,511)	(957,874)	(957,196)	(957,196)
Property, plant and equipment	-	-	(615,120)	-	-	-
Total assets under IFRS	50,873,318	85,249,998	119,310,699	124,464,039	139,270,428	173,693,003

Total liabilities

	December 31, 2006	December 31, 2007	December 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009
Total liabilities under Cdn GAAP after restatement	24,199,255	63,793,531	80,828,645	82,969,140	100,616,583	136,304,926
<i>Adjustment for environmental rehabilitation (i):</i>						
Environmental rehabilitation	-	(2,215,390)	(1,231,631)	(957,874)	(957,196)	(957,196)
<i>Adjustment for share purchase warrants (iii):</i>						
Warrant liabilities	9,347,834	13,825,817	274,507	546,119	1,438,915	3,255,735
Total liabilities under IFRS	33,547,089	75,403,958	79,871,521	82,557,385	101,098,302	138,603,465

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

Total equity and reconciliation of owners' equity

	December 31, 2006	December 31, 2007	December 31, 2008	March 31, 2009	June 30, 2009	September 30, 2009
Total equity and non-controlling interest under Canadian GAAP	26,674,063	23,671,857	39,713,685	42,452,773	39,611,041	38,345,273
<i>Reclassifications:</i>						
Cumulative translation adjustment	(460,850)	(460,850)	(460,850)	(460,850)	(460,850)	(460,850)
Deficit	460,850	460,850	460,850	460,850	460,850	460,850
<i>Adjustments for share purchase warrants (iii):</i>						
Share capital	5,339,902	16,472,028	16,218,369	16,218,369	16,218,369	16,218,369
Equity reserve	(4,426,420)	(6,278,735)	(5,639,160)	(5,639,160)	(5,503,709)	(5,668,441)
Deficit	(2,263,489)	(9,745,004)	(23,646,647)	(10,853,716)	(10,989,167)	(10,824,435)
<i>Adjustment for share-based compensation (ii):</i>						
Equity reserve	(516,312)	(372,463)	135,451	40,489	164,732	223,959
<i>Adjustment to (loss) income for share purchase warrants (iii):</i>						
Deficit	(7,997,827)	(14,274,106)	12,792,931	(271,612)	(1,164,408)	(2,981,228)
<i>Adjustment to (loss) income for share-based compensation (ii):</i>						
Deficit	516,312	372,463	(135,451)	(40,489)	(164,732)	(223,959)
Total equity and non-controlling interest under IFRS	17,326,229	9,846,040	39,439,178	41,906,654	38,172,126	35,089,538
Total liabilities and equity and non-controlling interest under IFRS	50,873,318	85,249,998	119,310,699	124,464,039	139,270,428	173,693,003
Reconciliation of Owners' Equity:						
Share capital	54,409,384	76,281,053	90,384,469	90,384,469	90,384,469	91,227,833
Equity reserve	3,190,272	4,271,321	4,884,800	5,010,533	5,051,250	4,606,154
Deficit	(40,273,427)	(70,706,334)	(56,125,822)	(53,857,368)	(57,792,325)	(61,545,570)
	17,326,229	9,846,040	39,143,447	41,537,634	37,643,394	34,288,417
Non-controlling interest	-	-	295,731	369,020	528,732	801,121
Total equity and non-controlling interest	17,326,229	9,846,040	39,439,178	41,906,654	38,172,126	35,089,538

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

Net income (loss)

	Year ended December 31,			Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2007	2008	2009	2008	2009	2008
(Loss) income for the year/period under Canadian GAAP after restatement	(8,557,079)	(16,531,264)	1,923,032	(1,877,198)	2,492,288	(2,214,561)	(2,531,270)
Non-controlling interest	-	-	295,731	272,389	174,402	505,390	174,402
(Loss) income for the year/period and non-controlling interest under Cdn GAAP	(8,557,079)	(16,531,264)	2,218,763	(1,604,809)	2,666,690	(1,709,171)	(2,356,868)
<i>Adjustments for share purchase</i>							
Fair value change on warrant liabilities	(7,997,827)	(14,274,106)	12,792,931	(1,816,820)	5,165,013	(2,981,228)	11,691,156
<i>Adjustment for share-based</i>							
General and administrative	516,312	372,463	(135,451)	(59,227)	(62,816)	(223,959)	(122,807)
Total adjustments to (loss) income	(7,481,515)	(13,901,643)	12,657,480	(1,876,047)	5,102,197	(3,205,187)	11,568,349
(Loss) income for the year/period and non-controlling interest under IFRS	(16,038,594)	(30,432,907)	14,876,243	(3,480,856)	7,768,887	(4,914,358)	9,211,481

The adoption of IFRS has had no impact on the net cash flows of the Company. The changes made to the consolidated statements of financial position and consolidated statements of comprehensive income have resulted in reclassifications of various amounts on the consolidated statements of cash flows, however as there have been no changes to the net cash flows, no reconciliations have been presented.

(i) *Environmental rehabilitation*

Under IFRS

Under IAS 37, provisions, Contingent Liabilities and Contingent Assets, a change in the current market based discount rate will result in the re-measurement of the provision. As a result, the asset retirement obligation liability has been re-measured using the discount rate in effect at year end and an adjustment has been recorded to the corresponding asset.

Under Canadian GAAP

The provision for environmental rehabilitation is not adjusted for changes in the discount rate.

(ii) *Share-based compensation*

Under IFRS

Each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches. Forfeiture estimates are recognized in the period they are estimated, and are revised for actual forfeitures in subsequent periods.

Under Canadian GAAP

The fair value of stock-based awards with graded vesting are calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period. Forfeitures of awards are recognized as they occur.

JINSHAN GOLD MINES INC.

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

September 30, 2009

(Stated in U.S. Dollars, except as otherwise noted)

Consultants are treated as non-employees and 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.

Management has determined that all of the grants awarded to their consultants are considered as employees as the services rendered by their consultants are similar to those rendered by employees. Hence, adjustments are made accordingly under IFRS.

(iii) *Share purchase warrants*

Under IFRS

As a result of having exercise prices denominated in other than the Company's functional currency, being the U.S. dollar, the share purchase warrants meet the definition of derivatives and are measured at FVTPL. The fair value of the share purchase warrants was determined using the Black-Scholes option pricing model at grant date and the end of each reporting period.

Under Canadian GAAP

The share purchase warrants are measured at fair value at initial recognition using the Black-Scholes option pricing model, and recorded in equity reserve with no subsequent remeasurement.

Changes in Internal Control over Financial Reporting

In the Company's evaluation of the effectiveness of internal control over financial reporting as at December 31, 2008, management identified a material weakness and concluded that the Company did not maintain effective control over financial reporting as at December 31, 2008. Since December 31, 2008, the Company has taken the following steps to enhance its overall internal control over financial reporting and to address the material weakness identified at December 31, 2008.

- (a) The Company together with its legal counsel held special sessions to communicate and educate new board members and employees about the Company's Code of Conduct, whistle blowing procedures, and the internal control and regulatory financial reporting requirements of a Canadian public company.
- (b) The Company has changed the reporting responsibilities of its subsidiaries to the corporate head office to strengthen oversight and monitoring of activities. The accounting department of IMP now reports directly to the office of the Chief Financial Officer at corporate head office.
- (c) Policies and procedures were changed and training sessions for management were conducted to enhance the understanding of the Company's Delegation of Authority and approval process.
- (d) The Company has started a comprehensive fraud risk assessment that will include a process to identify and evaluate the risk of fraud, including management override that could result in misstatements to any account in the financial statements.

JINSHAN GOLD MINES INC.

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

September 30, 2009

(Stated in U.S. Dollars, except as otherwise noted)

Risk Factors

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

Jinshan's indebtedness and the conditions imposed on it by its financing agreements could materially and adversely affect Jinshan's business and results of operations.

As of September 30, 2009, Jinshan had amounts outstanding in accounts payable of \$29.3 million, construction payable of \$9.8 million, notes payable of \$45.4 million (CDN \$50 million), as well as a net advances on future gold sales to CNG of \$3.3 million (RMB 22.8 million), and a term loan of \$42.9 million (RMB 290 million). Jinshan may also incur additional indebtedness in the future. Jinshan's indebtedness could have several important consequences, including but not limited to the following:

- a portion of Jinshan's cash flow will be used towards repayment of its existing debt, which will reduce the availability of cash to fund working capital needs, capital expenditures, acquisitions and other general corporate requirements;
- Jinshan expects that it will need to secure financing to satisfy the amounts owing on maturity of some or all of the Notes;
- Jinshan's ability to obtain additional financing in the future at all or on reasonable terms may be restricted; and
- Jinshan may be more vulnerable to economic downturns, may be limited in its ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Jinshan's financing agreements include various conditions and covenants that require Jinshan to obtain lender consents prior to carrying out certain activities and entering into certain transactions. In some cases, Jinshan must, among other requirements, seek, and may be unable to obtain, lenders' consents to amend its constitution; or incur additional debt, create additional charges on or further encumber assets, provide additional guarantees or dispose of certain assets, except where such debt, charges, encumbrances, guarantees or disposals are of a type specifically permitted, whether or not there is any failure by Jinshan to comply with the other terms of such agreements. Jinshan has a current requirement to refinance \$30 million of promissory notes payable due on December 14, 2009 which is impacted by these restrictions. Failure to meet these conditions or obtain these consents could materially and adversely affect Jinshan's business and results of operations.

Compliance with the various terms of Jinshan's loans is, however, subject to interpretation and there can be no assurance that Jinshan has requested or received all consents from its lenders that would be advisable under its financing documents. As a result, it is possible that a lender could assert that Jinshan has not complied with all the terms under its financing documents. Any failure to service Jinshan's indebtedness, comply with a requirement to obtain a consent or perform any condition or covenant could lead to a termination of one or more of Jinshan's credit facilities, acceleration of amounts due under such facilities and cross-defaults under certain of Jinshan's other financing agreements, any of which could materially and adversely affect Jinshan's business and results of operations.

Jinshan will need to obtain further financing.

Jinshan will require further financing to pursue its business objectives and meet its loan obligations. Cash flow from existing operations will be insufficient to fund all project development initiatives and address maturing loans and

JINSHAN GOLD MINES INC.

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

September 30, 2009

(Stated in U.S. Dollars, except as otherwise noted)

other costs, and accordingly, the Company will need to rely on external sources of financing. The most immediate financing requirement relates to refinancing of \$30 million of promissory notes due December 14, 2009. Thereafter, further financing will be required. To date Jinshan has relied upon a mixture of equity capital and debt financing to fund its operations. It may seek future funding through the exercise of options and warrants, the debt and equity markets or through project participation arrangements with third parties, but it cannot be assured that it will be able to obtain additional funding when it is required and whether it will be available on commercially acceptable terms. Failure to obtain the funding that it needs when it is required may have a material adverse effect on Jinshan's business and results of operations.

The Company's business will be dependent on the CSH Gold Mine for substantially all of its revenues and cash flows from operating activities in the near term.

While Jinshan intends to continue investing in additional mining and exploration projects in the future, the CSH Gold Mine is likely to be the Company's only significant operational mining project in the short term and the Company expects that this mine will produce substantially all of the Company's revenues and cash flows in the near term. Consequently, delays or difficulties encountered in production could materially and adversely affect the Company's business and results of operations. In addition, the Company's business and results of operations could be materially and adversely affected by any events which impact the CSH Gold Mine, including among other things, equipment failure or shortages, adverse weather, transportation problems, changes in relevant government policy and/or any permitting or licensing delays.

Jinshan may undertake strategic acquisitions or investments, which may prove to be difficult to integrate and manage or may not be successful.

Jinshan proposes to make strategic acquisitions or investments as a means of pursuing Jinshan's corporate strategy, including the Jiama property. In the event Jinshan successfully completes an acquisition or investment, it could face difficulties managing the investment or integrating the acquisition with its operations. There can be no assurance that Jinshan will be able to achieve the strategic purpose of such an acquisition or investment. These difficulties could disrupt Jinshan's ongoing business, distract its management and employees, and increase its expenses, any of which could materially and adversely affect Jinshan's business and results of operations.

Mining permits and licenses are required.

Pursuant to applicable law, all mineral resources in China are owned by the State. Thus, Jinshan's further development and exploration of the various mineral properties in which it holds interests, particularly the CSH Gold Mine and any expansion thereof, depends upon its ability to obtain permits and licenses from various governmental authorities. As an example, the national branch of China's National Development and Reform Commission has, in the past, asserted authority over gold production in China, and while this assertion of authority has been rejected by other branches of the Chinese Government as being invalid, an ultimate conclusion of this matter has not been reached. There can be no assurance that the Company will be successful in obtaining all required permits and licenses when needed. While the Company has no reason to believe that applications for such permits will be rejected, there is also no guaranty that any such permit will be forthcoming. Failure to obtain permits and licenses 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.

Jinshan has a limited operating history, and there is no assurance that it will be capable of consistently producing positive cash flows.

Jinshan has paid no dividends on its Common Shares since incorporation and does not anticipate doing so in the foreseeable future. To date, Jinshan has generated cash flow from the CSH Gold Mine, and no cash flow from its other operations. Jinshan has a limited operating history and there can be no assurance of its ability to operate its projects profitably. While Jinshan may in the future generate additional working capital through the operation, development, sale or possible syndication of its properties, there is no assurance that Jinshan will be capable of producing positive cash flow on a

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

consistent basis or that any such funds will be available for exploration, development and production programs.

The operating costs of the CSH Gold Mine may differ from Jinshan's estimates.

The estimates regarding operating costs of the CSH Gold Mine are based on the 2008 CSH Technical Report. The 2008 CSH Technical Report derives estimates of average cash operating costs based upon, among other things:

- anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed;
- anticipated recovery rates of minerals from the ore;
- cash operating costs of comparable facilities and equipment; and
- anticipated climatic conditions.

Actual operating costs, production and economic returns may differ significantly from those anticipated by the 2008 CSH Technical Report. Accordingly, there is no assurance that future operating activities will result in profitable mining operations.

Fluctuations in exchange rates could materially and adversely affect Jinshan's operating cash flows and profitability.

Fluctuations in the U.S. \$ relative to RMB or in the U.S. \$ relative to the Canadian dollar ("CDN \$") could materially and adversely affect the cash flow and earnings of Jinshan. The majority of Jinshan's operating costs are denominated in RMB, and although Jinshan's revenue is denominated in RMB, the RMB gold price effectively moves in line with the U.S.\$ gold price. A significant portion of Jinshan's loan obligations and general and administrative expenses is denominated in CDN \$. Therefore, if the U.S. \$ weakens relative to the RMB, or if the U.S. \$ weakens relative to the CDN \$, Jinshan's consolidated financial results could be materially and adversely affected.

Share Price Volatility

In recent years, the securities markets have experienced a high level of price and volume volatility, and the market price of securities of many companies, particularly those in the resource sector, has experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that such fluctuations will not affect the price of Jinshan's securities.

Production Estimates for the CSH Gold Mine may be inaccurate.

Gold production estimates at the CSH Gold Mine are based on, among other things, the accuracy of reserve estimates; the accuracy of assumptions regarding ground conditions and physical characteristics of ores, such as hardness and presence or absence of particular metallurgical characteristics; the accuracy of estimated rates of recovery and costs of mining and processing; and the assumption of ongoing timely regulatory approvals where these are required.

At present, gold production from run-of-mine operations since the start of commercial production in July 2008 has averaged 56% of the originally estimated production rate. The differential from estimated production capacity is due to several factors, including a greater than anticipated amount of sulphide ore in the weathered material being mined through run of mine operations and lower than estimated carbon capture in the processing plant. The Company is still in the process of attempting to address several of these factors. Crushing operations should address much of the recovery limitations arising from the sulphide ore, and the Company anticipates that the recovery rate will improve. Nevertheless, there can be no guarantee of the extent to which crushing of material, or any other

JINSHAN GOLD MINES INC.

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

September 30, 2009

(Stated in U.S. Dollars, except as otherwise noted)

changes in operations, will affect recovery rates at the CSH Gold Mine. The Company is undertaking a testing and analysis program to verify assumptions and conclusions in the mine plan, particularly as it relates to crushed material operations, and depending on the results of such test program the Company may determine that it needs to adjust its mine plan, adjust reserves and otherwise modify the conclusions regarding financial performance of the CSH Gold Mine. Ultimately, failure to achieve production estimates could have a material adverse impact on Jinshan's future cash flows, earnings, results of operations and financial condition.

Fluctuations in the market price for gold could materially and adversely affect Jinshan's Share Price and Jinshan's business and results of operations.

Substantially all of Jinshan's revenues and cash flows are and will continue to be derived from the sale of gold doré. Therefore, the financial performance of Jinshan is exposed to gold price fluctuations. Historically, the market price for gold has fluctuated widely and has experienced periods of significant decline. The gold price in China is highly influenced by the international gold price, which is denominated in U.S. dollars. Gold prices may be influenced by numerous factors and events which are beyond the control of Jinshan. These factors and events include world demand, forward selling activities, gold reserve movements at central banks, costs of production by other gold producers and other macro-economic factors such as expectations regarding inflation, interest rates, currency exchange rates (especially the strength of the U.S.\$), as well as general global economic conditions and political trends. If gold prices should fall below or remain below Jinshan's cost of production for any sustained period due to these and other factors and events, Jinshan's share price and results of operations could be materially and adversely affected.

The Company relies substantially on third party contractors to conduct its mining operations.

The Company has retained a contractor to conduct the open pit mining operations at the CSH Gold Mine. Although the Company maintains supervision over the contractor, such an arrangement with a contractor carries risks associated with the possibility that the contractors may (i) have economic or other interests or goals that are inconsistent with the Company's, (ii) take actions contrary to the Company's instructions or requests, or (iii) be unable or unwilling to fulfill its obligations. Unanticipated problems with the third party contractor could materially and adversely affect the Company's business and results of operations.

Jinshan's prospects depend on its ability to attract and retain key personnel.

Recruiting and retaining qualified personnel is critical to Jinshan's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and there is substantial competition for such persons. As Jinshan's business activity grows, it will require additional key financial, administrative, mining, marketing, and public relations personnel as well as additional staff on the operations side. Meanwhile, if Jinshan is not able to retain its existing management and technical personnel its business may be harmed. Although Jinshan believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

Mineral Reserve and resource estimates are subject to uncertainties.

Jinshan's ore reserves and mineral resources are estimates based on a number of assumptions, any adverse changes in which could require Jinshan to lower its ore reserves and mineral resources.

The estimation of reserves and resources is inherently uncertain and involves subjective judgments about many relevant factors. The accuracy of any such estimates is a function of the quantity and quality of available data, and of the assumptions made and judgments used in engineering and geological interpretation, which may prove to be unreliable. Should Jinshan encounter mineralization different from that predicted by past drilling, sampling and similar examination, mineral resource and/or ore reserve estimates may have to be adjusted downward. This downward adjustment could materially affect Jinshan's development and mining plans, which could materially and adversely affect Jinshan's business and results of operations. There can be no assurance that these estimates will be

JINSHAN GOLD MINES INC.

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

September 30, 2009

(Stated in U.S. Dollars, except as otherwise noted)

accurate or that such mineral resources can be mined or processed profitably. Furthermore, mineral resources that are not mineral reserves do not have demonstrated economic viability.

The grade of ore ultimately mined may differ from that indicated by drilling results. Short term factors relating to ore reserves, such as the need for orderly development of ore bodies or the processing of new or different grades, may also materially and adversely affect Jinshan's business and results of operations. Material changes in ore reserves resulting from unexpected changes to the gold price, grades, production costs, stripping ratios and recovery rates may affect their economic viability. Ore reserves are reported as general indicators of mine life and should not be interpreted as assurances of mine life or of the profitability of current or future operations.

The economic viability of ore reserves and mineral resources may also be affected by such factors as permit regulations and requirements, environmental factors, unforeseen technical difficulties, unusual or unexpected geological formations and work interruptions.

Jinshan's mining operations have a finite life and eventual closure of these operations will entail costs and risks regarding ongoing monitoring, rehabilitation amid compliance with environmental standards.

The key risks for mine closure are (i) long-term management of permanent engineered structures (dam walls, spillways, wetlands, roads, waste dumps) and acid rock drainage; (ii) achievement of environmental closure standards; (iii) orderly retrenchment of employees and contractors; and (iv) relinquishment of the site with associated permanent structures and community development infrastructure and programs to new owners. The successful completion of these tasks is dependent on the ability to successfully implement negotiated agreements with the relevant government, community and employees. The consequences of a difficult closure range from increased closure costs and handover delays to ongoing environmental impacts and corporate reputation damage if desired outcomes cannot be achieved, which could materially and adversely affect Jinshan's business and results of operations.

Jinshan's operations depend on an adequate and timely supply of water, electricity, chemicals and other critical supplies.

Timely and cost effective execution of Jinshan's mining projects is dependent on the adequate and timely supply of water, electricity, chemicals and other critical supplies. Jinshan's mining projects will consume a substantial amount of water and electricity in the production process. At the CSH Gold Mine, Jinshan relies on the local rivers and water table for its water supply, and relies on the local power grids to supply the electricity to meet its requirements. Diesel generators have been installed at the mine site; however these generators are intended as a back-up device only, to be used to maintain vulnerable production components during times when the local power grids are unable to meet the CSH Gold Mine's electricity demands. The generators cannot supply sufficient electricity to operate the full production process. Chemicals and supplies are transported to the operations by road and this supply can be interrupted during periods of bad weather.

There can be no assurance that Jinshan will receive adequate supplies of water from local sources or electricity from the local power grids to meet its requirements. There is a risk that those in control of the local power grids will oversell the capacity of those power grids, and that resulting power shortfalls or outages at the CSH Gold Mine could occur. If Jinshan is unable to procure the requisite quantities of water or electricity in time and at commercially acceptable prices or if there are significant disruptions in the supply of electricity or water to any of Jinshan's project sites including the CSH Gold Mine, the performance of Jinshan's business and results of operations could be materially and adversely affected, and in the worst case scenario, result in a shutdown of a project's operation.

JINSHAN GOLD MINES INC.

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

September 30, 2009

(Stated in U.S. Dollars, except as otherwise noted)

Jinshan's mining operations face material risk of liability, delays and increased production costs from design defects, environmental and industrial accidents, and other factors.

By its nature, the business of mineral exploration, project development, mining and processing, contains elements of significant risk and hazards. The continuous success of Jinshan's business is dependent on many factors such as:

- discovery and/or acquisition of new ore reserves;
- securing and maintaining title to tenements and obtaining necessary consent for exploration and mining;
- successful design and construction of mining and processing facilities;
- successful commissioning and operating of mining and processing facilities; and
- the performance of the processing facility.

Mining operations are subject to technical risk in that they may not perform as designed. Increased development costs, lower output or higher operating costs may all combine to make a project less profitable than that expected at the time of the development decision. This would have a negative impact on Jinshan's expected cash flow. No assurance can be given that Jinshan would be adequately compensated by third party project design, construction and supply companies in the event of equipment failure or that a project did not meet its expected design specifications.

The business may also be disrupted by a variety of events that, in most cases, are beyond the control of Jinshan. Such events could result in disruptions to Jinshan's operations, increases in its operating costs or personal injuries, labour disruption and other risks encountered in the course of operating a mine. For example, an environmental event concerning changes in the water table (man-made or naturally occurring) or landslides, could materially and adversely affect the CSH Gold Mine. The occurrence of any of these events could result in damage to or destruction of production facilities, personal injury, environmental damage, business interruption, delay in production, increased production costs, monetary losses and possible legal liability (including compensatory claims, fines and penalties) to Jinshan, which could materially and adversely affect Jinshan's business and results of operations.

Jinshan's operations are exposed to risks in relation to mishandling of dangerous articles.

Jinshan's exploration, mining and gold production operations involve the handling and storage of explosive, toxic and other dangerous articles. More stringent laws, regulations and policies may be implemented by the relevant China authorities, and there can be no assurance that Jinshan will be able to comply with any future laws, regulations and policies in relation to the handling of dangerous articles economically or at all. In addition, there can be no assurance that accidents arising from the mishandling of dangerous articles will not occur in the future. Should Jinshan fail to comply with any relevant laws, regulations or policies or should any accident occur as a result of the mishandling of dangerous articles, Jinshan's business and results of operations may be materially and adversely affected, and Jinshan may be subject to penalties and/or civil and/or criminal liabilities.

Competition for new mining properties by larger, more established companies may prevent Jinshan from acquiring interests in additional properties or mining operations.

Significant and increasing competition exists for mineral acquisition opportunities throughout the world. As a result of this competition, some of which is with large, more established mining companies with substantial capabilities and greater financial and technical resources, the Company may be unable to acquire rights to exploit additional attractive mining properties on terms it considers acceptable. Accordingly, there can be no assurance that the Company will acquire any interest in additional operations that would yield reserves or result in commercial mining operations.

JINSHAN GOLD MINES INC.

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

September 30, 2009

(Stated in U.S. Dollars, except as otherwise noted)

A portion of Jinshan's operations involve exploration and development and there is no guarantee that any such activity will result in the commercial production of mineral deposits.

Other than the CSH Gold Mine, development of Jinshan's mineral properties is contingent upon obtaining satisfactory exploration results. Mineral exploration and development involves substantial expense and a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to adequately mitigate. The degree of risk increases substantially when an issuer's properties are in the exploration as opposed to the development phase. There is no assurance that commercial quantities of ore will be discovered on any of Jinshan's exploration properties other than the CSH Gold Mine. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. The discovery of mineral deposits is dependent upon a number of factors not the least of which is the technical skill of the exploration personnel involved.

There can be no assurance that the interest Jinshan holds in its exploration, development and mining properties is free from defects or that material contractual arrangements between Jinshan and entities owned or controlled by foreign governments will not be unilaterally altered or revoked.

The acquisition of title to resource properties or interests therein is a very detailed and time-consuming process. Title to, and the area of, resource concessions may be disputed. Jinshan has conducted an internal investigation of title to the CSH Gold Mine. Based on a review of records the relevant government agencies in China maintain, the CSH Gold Mine interests are registered in the name of the applicable joint venture company. There is no guarantee of title to any of Jinshan's properties. The properties may be subject to prior unregistered agreements or transfers and undetected defects may affect title. Title is based upon interpretation of the applicable laws, which laws may be ambiguous, inconsistently applied and subject to reinterpretation or change. Jinshan has not surveyed the boundaries of any of its mineral properties and consequently the boundaries of the properties may be disputed.

Changes in or more aggressive enforcement of laws and regulations could adversely impact Jinshan's business.

Mining operations and exploration activities are subject to extensive laws and regulations. Compliance with these laws and regulations increases the costs of exploring, drilling, developing, constructing, operating and closing mines and other facilities. It is possible that the costs, delays, and other effects associated with these laws and regulations may impact Jinshan's decision to continue to operate existing mines and other facilities or whether to proceed with exploration or development of properties. Since legal requirements change frequently, are subject to interpretation and may be enforced to varying degrees in practice, Jinshan is unable to predict the ultimate cost of compliance with these requirements or their effect on operations. Furthermore, changes in government, regulations and policies and practices could have an adverse impact on Jinshan's future cash flows, earnings, results of operations, and financial condition.

Failure or delays in obtaining necessary approvals could have a materially adverse affect on Jinshan's financial condition and results of operations.

Restrictions on foreign investment in China could materially and adversely affect Jinshan's business.

In China, foreign companies have in the past been, and are currently, required to operate within a framework that is different from that imposed on domestic Chinese companies. However, the Chinese Government has been opening up opportunities for foreign investment in mining projects and this process is expected to continue, especially following China's accession into the World Trade Organization. However, if the Chinese Government should reverse this trend, or impose greater restrictions on foreign companies, or seek to nationalize Jinshan's Chinese operations, Jinshan's business and results of operations could be materially and adversely affected.

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

Jinshan may be unable to enforce its legal rights in certain circumstances.

In the event of a dispute arising at or in respect of, Jinshan's foreign operations, including the CSH Gold Mine or the Dadiangou Gold Project, Jinshan may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Canada or other jurisdictions. Jinshan may also be hindered or prevented from enforcing its rights with respect to a governmental entity or instrumentality because of the doctrine of sovereign immunity.

Jinshan does not maintain insurance over certain of its business operations.

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts or slides, fire, floods, earthquakes or other environmental occurrences, and political and social instability. These risks can result in, among other things, damage to and destruction of mineral properties or production facilities, personal injury, environmental damage, delays in mining, monetary losses and legal liability. It is not always possible to obtain insurance against all risks, and Jinshan has elected not to insure against certain risks as a result of high premiums or other reasons or has agreed to policy limits on certain coverage that may not cover all potential liabilities for similar 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 Jinshan.

Jinshan is subject to substantial environmental and other regulatory requirements and such regulations are becoming more stringent. Non-compliance with such regulations, either through current or future operations or a pre-existing condition could materially adversely affect Jinshan.

Jinshan's operations are subject to environmental regulations in the various jurisdictions in which it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Jinshan's operations. Government approvals and permits are required in connection with Jinshan's operations. To the extent such approvals are required and not obtained; Jinshan may be delayed or prohibited from proceeding with planned exploration or development of its mineral properties.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Jinshan and cause increases in capital expenditures or production costs or reductions in levels of production at producing properties or require abandonment or delays in development of new mining properties.

One of the main environmental issues in the gold mining industry is wastewater and tailings management. Wastewater and tailings can contain substances that are potentially harmful to human beings and the environment, especially in large quantities. There can be no assurance that Jinshan will not be subject to claims for damages to persons or property resulting from the release into the environment of wastewater or tailings residue by Jinshan's operations. Furthermore, higher environmental protection standards may be imposed by China in the future, which could increase Jinshan's costs of compliance.

In either event, such costs and liabilities could materially and adversely affect Jinshan's business and results of operations.

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

There are risks associated with conducting business in China.

China is, and for the foreseeable future is expected to remain, the country in which Jinshan concentrates most of its business activities and financial resources. Jinshan has applied for and received mining licenses and exploration licenses for its properties; nevertheless, the legal framework is, in many instances, based on recent political reforms or 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 Jinshan's rights and obligations. The laws may be applied in an inconsistent, arbitrary and unfair manner and legal remedies may be uncertain, delayed or unavailable. As an example, Jinshan holds its interest in the CSH Gold Mine through a joint venture company. Many aspects of the law regarding Chinese joint venture companies are ambiguous, inconsistently applied and subject to reinterpretation or change. While Jinshan believes that IMP, the joint venture company that holds the CSH Gold Mine, has been properly established and has taken the steps necessary to obtain its interest in the CSH Gold Mine, there can be no guarantee that such steps will be sufficient to preserve Jinshan's interest in the CSH Gold Mine.

There are several levels of government with influence over Jinshan's mineral production, development and exploration activities. A loss of support for one or more of the Company's projects by any one of those levels of government could result in substantial disruption in Jinshan's ability to continue operations. Such a loss of support could occur on a national level, such as a change in government policy to discourage foreign investment or nationalization of mining industries or it may occur at a provincial or local level, in which Jinshan's ability to conduct operations is hindered by aggressive or capricious application of jurisdiction within the control of a particular level of government.

In addition to the above risks, Jinshan also faces risk in respect of the repatriation of earnings outside China. Chinese regulations provide that, subject to payment of applicable taxes, foreign investors may remit out of China, in foreign exchange, profits or dividends derived from a source within China. Remittance by foreign investors of any other amounts (including, for instance, proceeds of sale arising from a disposal by a foreign investor of any of its investments in China) out of China is subject to the approval of the State Administration for Exchange Control or its local branch office. No assurance can be given that such approval would be granted if Jinshan disposes of all or part of its interest in a project located in China. Further, there can be no assurance that additional restrictions on the repatriation of earnings in China will not be imposed in the future.

Jinshan owns its projects through CJV companies which are established pursuant to CJV agreements. Jinshan's CJV partners have rights under the CJV Agreements that may affect Jinshan's interests, including discretion as to earn-in and the right to trigger early termination of the CJV agreement.

Pursuant to the provisions of the CJV Law, the CJV companies have been, or will be, established as legal persons with limited liability. A party shares, or will share, in the profits, and bears, or will bear, the losses and risks, of a CJV company in proportion to the percentage of its equity interest in the CJV company.

Under the terms of some of the CJV agreements, including the Dadiangou CJV, Jinshan is obligated to complete earn-in expenditures and payments to the CJV partner in order to earn its interest in the CJV. If Jinshan does not complete all expenditures it will not secure its full, or in some cases any, interest in the property. Meanwhile, even if expenditures are completed, earn-in expenditures are subject to review by the partner and can be disputed as being inapplicable. In the case of the Dadiangou project the partner has disagreed with the applicability of certain expenses that Jinshan has attributed to its earn-in and has delayed the transfer of title to the relevant Exploration License to the CJV, and the parties are currently in discussion regarding the potential to adjust a portion of the equity interest in the applicable CJV to address this disagreement.

A party to a CJV agreement is entitled to terminate the CJV agreement prior to its expiration by delivering written notice to the other party if: (i) the other party materially breaches the CJV agreement or the articles of association of the CJV company, and such breach is not cured (depending on the terms of the CJV agreement) within 90 or 180 days of written notice to such party; or (ii) the other party or the CJV company becomes bankrupt, or is the subject

JINSHAN GOLD MINES INC.
Management's Discussion and Analysis of Financial Condition and Results of Operations
September 30, 2009
(Stated in U.S. Dollars, except as otherwise noted)

of proceedings for liquidation or dissolution, or ceases to carry on business, or becomes unable to pay its debts as they come due.

All of Jinshan's mining and exploration rights are currently held by CJV companies. If Jinshan is unable to come to an agreement with a CJV partner as to the exploitation of the areas with mining and mineral rights, the CJV Company will be unable to exploit the same.

A CJV company is a joint venture company - it does not confer the same level of control as a wholly-owned subsidiary.

Under all of the existing CJV agreements, Jinshan is entitled to:

- appoint a majority of the directors of the CJV company; and
- appoint the general manager of the CJV company, who is responsible for the day-to-day operation and management of the CJV company and implementing resolutions of the board.

Therefore, Jinshan controls the day-to-day management and operations of the CJV companies. However, this control is qualified in that:

- under the CJV Law and the CJV agreements, certain decisions require the unanimous consent of the directors present at a meeting of the board (including the consent of directors appointed by the CJV partner);
- the CJV partner is entitled to terminate the CJV agreement in specified circumstances; and
- the CJV partner may breach its obligations to contribute to an increase in the registered capital of the CJV company, which may result in Jinshan deciding to make an additional capital contribution to the CJV company in order to satisfy the capital requirements of the CJV company.

Additionally, if a dispute arises between Jinshan and a CJV partner and the partners are unable to amicably resolve the dispute, Jinshan may be involved in lengthy proceedings to resolve the dispute, which could materially and adversely affect Jinshan's business and results of operations.

There are risks associated with conducting business through joint ventures with government-controlled entities.

Jinshan conducts certain of its operations through co-operative joint ventures with government-controlled entities. While this connection benefits Jinshan in some respects, there is a substantial inequality with respect to the influence of the parties with the Chinese government. The Chinese government holds a substantial degree of subjective control over the application and enforcement of laws and the conduct of business. This inequality would become particularly detrimental if a business dispute arises between joint venture parties. Jinshan seeks to minimize this by including international arbitration clauses in relevant agreements whenever possible and by maintaining positive relations with both its joint venture partners and local governments, but there can be no guarantee that these measures will be sufficient to protect Jinshan's interest in China.

A controlling shareholder holds corporate control over Jinshan.

China Gold holds approximately 41% of the outstanding Common Shares. Accordingly, China Gold is able to substantially influence the outcome of any matter submitted to a vote of shareholders, including election of directors and matters requiring a special shareholders' resolution such as amendments to Jinshan's articles, mergers, amalgamations and the sale of all or substantially all of Jinshan's assets.

JINSHAN GOLD MINES INC.

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

September 30, 2009

(Stated in U.S. Dollars, except as otherwise noted)

Certain directors of Jinshan are directors or officers of other mineral resource companies and there is the potential that such directors will encounter conflicts of interest with Jinshan.

Certain of the directors and officers of Jinshan are directors or officers of other mineral resource companies and, to the extent that such other companies may participate in ventures in which Jinshan may participate, the directors of Jinshan may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. Such other companies may also compete with Jinshan for the acquisition of mineral property rights. In the event that any such conflict of interest arises, a director or officer who has such a conflict will disclose the conflict to a meeting of the directors of Jinshan and, if the conflict involves a director, the director will abstain from voting for or against the approval of such participation or such terms. In appropriate cases, Jinshan will establish a special committee of independent directors to review a matter in which several directors, or management, may have a conflict. In accordance with the provisions of the British Columbia *Business Corporations Act*, the directors and officers of Jinshan are required to act honestly in good faith, with a view to the best interests of Jinshan.

Qualified Persons

Joseph Keane, a qualified person as defined by National Instrument 43-101 supervised the preparation of the technical and scientific information relating to the 2008 CSH Gold Technical Report in this MD&A. Keith Patterson, P. Geo., the Company's Vice President of Exploration, a qualified person as defined by National Instrument 43-101 supervised the preparation of the technical and scientific information relating to the Dadiangou project, Xinjiang project, and generative activities in this MD&A.

November 21, 2009

Amended to reflect adjustments identified as a result of an interim period audit.