



JINSHAN POSITIONED AS INTERMEDIATE GOLD PRODUCER IN CHINA BY IMPROVING CORPORATE STRUCTURE WITH IVANHOE

VANCOUVER, CANADA – Jinshan Gold Mines Inc. (JIN:TSX-V) announced today that it has reached an agreement-in-principle with Ivanhoe Mines Ltd. (IVN: TSX, NYSE) to acquire Ivanhoe's 50% participating interest in the CSH 217 Gold Project in China. The deal also terminates certain existing contractual arrangements whereby Ivanhoe has the right to participate with Jinshan in future mineral exploration and development opportunities in China. Under the terms of the agreement-in-principle, Jinshan will acquire all of Ivanhoe's participating interest in the CSH 217 Gold Project, that is currently a 50/50 Jinshan/Ivanhoe joint venture, all of Ivanhoe's interests in other joint venture arrangements between the parties, Ivanhoe's existing contractual rights to participate with Jinshan in new projects in China and cash proceeds of USD\$4.0 million from Ivanhoe in exchange for the issuance to Ivanhoe of 48,552,948 Jinshan common shares.

Jay Chmelauskas, President of Jinshan Gold Mines, said, "this restructuring supports our objective of becoming an intermediate gold producer, starting with the development of the CSH 217 heap-leach gold project as one of China's largest gold mines. The results from our engineering study will be released shortly, enabling Jinshan to advance financing and development of the project."

"This restructuring will swap Ivanhoe's direct interests in Jinshan projects for an increased equity position in Jinshan. The transaction will consolidate all future CSH 217 cash flow value and corporate growth initiatives in Jinshan and position Jinshan as a larger and financially stronger company that is backed by Ivanhoe and focused on China."

Mr. Chmelauskas added: "We are very excited about the future cash flow prospects and corporate growth opportunities for Jinshan. China is the fourth-largest gold producer in the world and under the new restructuring, we are well positioned to continue to build a significant company through production, exploration and acquisition."

The key benefits and improvements of the transaction are:

- Financing alternatives and lower fees through one corporate entity.
- Overhead, operational and decision-making efficiencies.
- Upside case for new project acquisitions.
- Corporate structure for future mergers, acquisitions and other growth strategies.
- Valuation and financial transparency for analysts and new investors.

Ivanhoe is the largest shareholder, currently owning approximately 38.5% of Jinshan's outstanding shares. If the transaction is completed, Ivanhoe would increase its ownership to approximately 69.3%. As such, the proposed transaction is a "related party transaction" for the purposes of TSX Venture Exchange Policy 5.9 and is subject to approval by a majority of the votes cast at a shareholders' meeting by Jinshan's minority shareholders and receipt of all required regulatory approvals and other customary conditions. Neither Ivanhoe nor certain Jinshan shareholders who are related parties of Ivanhoe will be entitled to vote on the transaction.

An information circular detailing the transaction is expected to be mailed to Jinshan shareholders in September 2005, with a shareholders' meeting to be held in October 2005.

Jinshan has established a special committee of its board of directors to consider the merits of the transaction and the special committee has retained Stephen W. Semeniuk, CFA to prepare a fairness opinion with respect to the transaction. Mr. Semeniuk is experienced in valuation matters including providing fairness opinions for transactions involving listed and unlisted companies in various sectors, including the mining industry. The transaction remains subject to requisite regulatory and board approvals.

About Jinshan

Jinshan is a Canadian mining company focused on the exploration and development of gold and copper projects in Asia. The company is advancing one of the largest gold development projects in China — the CSH 217 Gold Project — and conducting exploration work on other prospective properties in China.

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The TSX Venture Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this release.

Forward-Looking Statements: Statements in this release that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed under the heading "Risk Factors" and elsewhere in the company's periodic filings with Canadian securities regulators. Such information contained herein represents management's best judgment as of the date hereof based on information currently available. The company does not assume the obligation to update any forward-looking statement.