



**The Mine Development Study is preliminary in nature and there is no certainty that the results of this study will be realized. The qualified person responsible for preparing the study is Joseph Keane, a registered professional metallurgical engineer and President of KD Engineering.**

The study was based on the project's April, 2005, independently estimated measured and indicated resources, which total 82.7 million tonnes grading 0.82 grams per tonne (g/t) gold, containing 2.2 million ounces of gold. The project also contains inferred resources of 36.5 million tonnes grading 0.89 g/t gold, containing an additional 1.0 million ounces of gold; however, the inferred resources were not included in the current economic analysis.

The resource estimate uses a 0.5 g/t gold cut-off and is fully diluted to accommodate a bulk mining production plan. Details of the estimate are in the company's news release dated April 19, 2005, and a Technical Report filed on SEDAR on same date. The estimate was calculated by Mario E. Rossi, MSc., Min. Eng., of GeoSystems International Inc., Florida, USA, a qualified person as defined by National Instrument 43-101. Mineral resources that are not reserves do not have demonstrated economic viability.

Jinshan is currently undertaking a 4,500-metre drilling program designed to upgrade the project's inferred resources to the measured and indicated categories. Step-out drill holes also are planned over the next few weeks with the goal of extending mineralization to the north, south and to depth.

### **Development Strategy**

Jinshan will continue to equity fund engineering and critical path lead-time items until a final feasibility study can be completed and a mining permit is granted. The feasibility study is expected to be completed in the second quarter of 2006, at which time Jinshan plans to explore debt-financing options. An accelerated fast-track schedule has been prepared for the Development Study, which targets the commencement of commercial production in the second half of 2006.

#### Project Milestones

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|---|-------------|
| • Mine permitting                               | Q2 2006     |
| • Final feasibility                             | Q2 2006     |
| • Infrastructure development and camp           | 2005 & 2006 |
| • Heap-leach pad and process plant construction | Q2/Q3 2006  |
| • Commencement of mining                        | Q3 2006     |
| • Commissioning of plant                        | Q3 2006     |
| • Commercial Gold production                    | Q3/Q4 2006  |

An 110KV power line is expected to be installed by the local government to the village of Xinhure, approximately 13 kilometres from the project, by the end of 2005.

### **Environmental Assessment**

Hydrological drilling and assessment is underway under the supervision of Golder Associates Ltd., of Reno, Nevada. Jinshan's objective is to develop and operate the project in full compliance with international best practices for environmental protection and monitoring.

### **Mining**

Heap-leaching of approximately 100,000 tonnes of mineralized material placed on the leach pads during last year's trial-mining program has been ongoing since May, 2005. To date, approximately 1,500 ounces of gold have been produced from the pilot-mining operations.

The mine development study envisions a heap-leach processing rate of 20,000 tonnes per day. Near-surface material has been weathered along gold-bearing fractures and is classified as oxide. At depth, the gold is associated with sulphide mineralization. During the initial two years of the mine plan, resources will be delivered run-of-mine to the heap-leach pad. A three-stage crushing plant is expected to be built in Year 2 to process primarily sulphide resources beginning in Year 3 through to the end of the mine life.

During the life of the mine, the study indicates that approximately 53 million tonnes of mineralized rock will be placed upon the heap for processing. Approximately 50 million tonnes of waste rock will be placed upon waste dumps. The overall strip ratio is 0.96 (waste rock) to 1 (mineralized rock).

### **Processing**

The process for gold recovery has been designed as a heap-leach operation utilizing a multiple-lift, single-use leach pad. Both ROM and crushed mineralized rock will be hauled by truck and placed on the pad. Solution to leach the gold will be distributed by a buried drip-irrigation system. The solution will collect in a double-lined pond designed to operate in harsh winter conditions and be pumped to a process plant inside a heated building. Precious metals will be recovered from the leach solution in a carbon adsorption plant and the gold and silver recovered will be refined into a doré bars.

### **Project Ownership**

On September 8, 2005, Jinshan announced that it had reached an agreement-in-principle with Ivanhoe Mines Ltd. to acquire Ivanhoe's 50% participating interest in the CSH (217) Gold Project in China. The transaction 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 US\$4.0 million from Ivanhoe in exchange for the issuance to Ivanhoe of 48,552,948 Jinshan common shares.

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%.

The proposed transaction is a "related party transaction" 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.

If the transaction is completed, Jinshan will have a 96.5% interest in the CSH (217) Project and Ningxia Nuclear Industry Geological Exploration Institute will have the remaining 3.5% carried interest.

### **Qualified Person**

Jim Lincoln, Jinshan's Vice-President, Corporate Development and a qualified person as defined by NI 43-101, supervised the preparation of this news release.

Investors: Bill Trenaman/ Media: Bob Williamson: +1.604. 609.0598  
Email: info@jinshanmines.com Website: www.jinshanmines.com

**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, including the ongoing development, engineering and permitting work at the 217 Project 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.