



JINSHAN GOLD MINES INC.

Consolidated Financial Statements
For the quarter ended September 30, 2004
(Unaudited)
(Stated in U.S. dollars)

JINSHAN GOLD MINES INC.
Consolidated Balance Sheets
(Stated in U.S. dollars)

	September 30, 2004	December 31, 2003
	(Unaudited)	
ASSETS		
CURRENT		
Cash	\$ 5,703,037	\$ 7,903,819
Accounts receivable	355,039	101,756
Receivable from related party (Note 4(a))	1,159,511	3,763
Prepaid expenses	221,569	108,004
	7,439,156	8,117,342
PROPERTY, PLANT AND EQUIPMENT	184,900	101,420
	\$ 7,624,056	\$ 8,218,762
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 446,751	\$ 331,644
SHAREHOLDERS' EQUITY		
Share capital (Note 3)	20,066,819	16,326,789
Contributed surplus	1,725,143	1,865,009
Cumulative translation adjustments	460,850	460,850
Deficit	(15,075,507)	(10,765,530)
	7,177,305	7,887,118
	\$ 7,624,056	\$ 8,218,762

APPROVED BY THE BOARD

"Pierre Lebel"

Director

"Daniel Kunz"

Director

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

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003 (Note 2)	2004	2003 (Note 2)
EXPENSES				
Administration and office	\$ 127,352	\$ 107,454	\$ 412,328	\$ 230,338
Amortization	9,263	9,384	28,738	29,901
Investor relations	22,925	51	67,948	26,119
Travel	6,319	82,457	80,120	154,455
Exploration expenses (Note 2 and Schedule)	884,293	2,023,070	2,764,494	2,894,177
Professional fees	87,974	42,610	184,021	205,128
Salaries and benefits	72,641	83,423	251,223	176,320
Stock-based compensation (Note 2)	107,511	147,323	444,403	140,072
Shareholder information, transfer agent and filing fees	1,284	7,735	70,827	39,204
	1,319,562	2,503,507	4,304,102	3,895,714
OTHER INCOME/(EXPENSES)				
Interest income	11,875	11,611	31,880	47,827
Foreign exchange gain/(loss)	205,386	3,659	(37,755)	(60,658)
Other income	-	-	-	4,275
	217,261	15,270	(5,875)	(8,556)
NET LOSS	\$ (1,102,301)	\$ (2,488,237)	\$ (4,309,977)	\$ (3,904,270)
DEFICIT, BEGINNING OF PERIOD				
As previously reported	(13,973,206)	(3,808,133)	(10,765,530)	(2,580,128)
Adjustment to reflect accounting changes (Note 2)	-	(2,129,963)	-	(1,941,935)
As restated	(13,973,206)	(5,938,096)	(10,765,530)	(4,522,063)
DEFICIT, END OF PERIOD	\$ (15,075,507)	\$ (8,426,333)	\$ (15,075,507)	\$ (8,426,333)
BASIC AND DILUTED LOSS PER SHARE	\$ (0.02)	\$ (0.07)	\$ (0.09)	\$ (0.11)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	48,540,302	37,563,788	47,260,310	37,077,169

JINSHAN GOLD MINES INC.
Consolidated Statements of Shareholder's Equity
(Unaudited)
(Stated in U.S. dollars)

	Share Capital		Contributed Surplus	Cumulative Translation Adjustments	Deficit	Total
	Number of Shares	Amount				
Balances, December 31, 2003	45,594,264	\$ 16,326,789	\$ 1,865,009	\$ 460,850	\$ (10,765,530)	\$ 7,887,118
Shares issued for:						
Private placements	2,500,000	3,247,476				3,247,476
Exercise of Special Warrants	140,000	43,994				43,994
Exercise of stock options	310,350	448,560	(210,656)			237,904
Stock compensation charged to operations			70,790			70,790
Net loss					(4,309,977)	(4,309,977)
Balances, September 30, 2004	48,544,614	\$ 20,066,819	\$ 1,725,143	\$ 460,850	\$ (15,075,507)	\$ 7,177,305

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

	Three months ended September 30,		Nine months ended September 30,	
	2004	2003 (Note 2)	2004	2003 (Note 2)
OPERATING ACTIVITIES				
Net loss	\$ (1,102,301)	\$ (2,488,237)	\$ (4,309,977)	\$ (3,904,270)
Items not requiring use of cash:				
Amortization	9,263	9,384	28,738	29,901
Stock-based compensation	107,511	147,323	444,403	140,072
Exploration expenses (stock-based compensation (recovery))	(36,383)	107,448	(373,614)	233,537
Exploration expense (other)	-	-	3,247,476	-
Unrealized foreign exchange (gains)/losses	(329,048)	(769,033)	(204,045)	185,455
	(1,350,958)	(2,993,115)	(1,167,019)	(3,315,305)
Change in non-cash operating working capital items (Note 6)	(543,083)	679,316	(1,403,645)	769,547
	(1,894,041)	(2,313,799)	(2,570,664)	(2,545,758)
INVESTING ACTIVITIES				
Redemption of short-term investments	-	2,159,802	-	2,159,802
Capital asset additions	(38,264)	8,655	(112,218)	(47,341)
	(38,264)	2,168,457	(112,218)	2,112,461
FINANCING ACTIVITY				
Issuance of common shares	28,805	84,373	281,899	538,308
NET CHANGE IN CASH FOR THE PERIOD	(1,903,500)	(60,969)	(2,400,983)	105,011
EFFECT OF FOREIGN EXCHANGE RATE CHANGES				
ON CASH	325,997	(24,570)	200,201	39,747
CASH, BEGINNING OF PERIOD	7,280,540	362,618	7,903,819	132,321
CASH, END OF PERIOD	\$ 5,703,037	\$ 277,079	\$ 5,703,037	\$ 277,079

1. Basis of Presentation

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

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

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

2. Comparative Figures

The comparative figures in these interim consolidated financial statements have been restated to give retroactive effect to the accounting changes with respect to mineral properties, reporting currency, functional currency and stock-based compensation as described in Note 4 to the annual consolidated financial statements of the Company for the year ended December 31, 2003. The effect of the restatement has resulted in a decrease of \$70,936 (\$0.01 per share) and an increase of \$214,590 (\$0.01 per share) in the net loss for the three month and nine month periods ended September 30, 2003, respectively.

3. Share Capital

Authorized

Unlimited common shares without par value

Unlimited preferred shares without par value

	Number of Shares	Amount
Issued and outstanding common shares were as follows:		
Balance, December 31, 2003	45,594,264	\$ 16,326,789
Shares issued for cash on:		
Exercise of warrants	140,000	43,994
Exercise of options	37,017	21,649
Transfer from contributed surplus on exercise of options	-	18,193
Share issue costs	-	(2,333)
Balance, March 31, 2004	45,771,281	16,408,292
Shares issued to effect Definitive Agreement with Ivanhoe Mines Ltd. (Note 4(a))	2,500,000	3,247,476
Shares issued for cash on:		
Exercise of options	225,000	189,784
Transfer from contributed surplus on exercise of options	-	133,564
Balance, June 30, 2004	48,496,281	19,979,116
Shares issued for cash on:		
Exercise of options	48,333	28,805
Transfer from contributed surplus on exercise of options	-	58,898
Balance, September 30, 2004	48,544,614	\$ 20,066,819

Stock-based Compensation

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

During the second quarter of 2004, the Company granted 545,000 and 10,000 stock options to certain directors, officers, employees and consultants at exercise prices of CDN \$2.00 and CDN \$1.31, and with expiry dates of April 13, 2009 and May 20, 2009, respectively. Compensation costs of \$604,754 will be amortized over their vesting periods.

3. Share Capital (continued)

Outstanding stock options and warrants

As at September 30, 2004, there were 2,939,968 stock options outstanding with exercise prices and expiry dates ranging from CDN \$0.73 to CDN \$3.60 and August 31, 2004 to May 20, 2009, respectively. During the nine months ended September 30, 2004, 246,625 options with exercise prices and expiry dates ranging from CDN \$0.73 to CDN \$1.05 and October 20, 2004 to August 6, 2008, were cancelled.

As at September 30, 2004, there were 11,100,000 warrants outstanding with exercise prices and expiry dates ranging from CDN \$1.15 to CDN \$2.20 and July 2, 2005 to December 12, 2005, respectively.

4. Related Party Transactions

- (a) During the three months ended June 30, 2004, the Company restructured its existing participation arrangements in respect of certain joint ventures it has with Ivanhoe Mines Ltd. ("Ivanhoe"), a significant shareholder of the Company. Ivanhoe also transferred to the Company 50% of its interest in the Shuteen exploration license in southern Mongolia.

In consideration for this transaction, the Company issued to Ivanhoe 2.5 million common shares with a fair value of \$3,247,476, as reimbursement for prior exploration costs, including property payments. Ivanhoe also reimbursed the Company for \$2,369,691 for prior exploration costs incurred on the projects. This has resulted in a net charge of \$877,785 to exploration expense.

From the date of the foregoing transaction to September 30, 2004, further exploration expenses of \$1,813,317 were recoverable from Ivanhoe on a cost recovery basis. At September 30, 2004, an amount of \$1,159,511 (December 31, 2003 - \$580) was receivable from Ivanhoe.

4. Related Party Transactions (continued)

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

	Three months ended September 30,		Nine months ended September 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Exploration	\$ -	\$ -	\$ -	\$ 39,452
Office and administration	117,764	82,629	313,093	142,777
Salaries and benefits	83,862	79,590	267,719	148,086
	<u>\$ 201,626</u>	<u>\$162,219</u>	<u>\$ 580,812</u>	<u>\$330,315</u>

(c) Accounts payable at September 30, 2004 included \$69,667 (December 31, 2003 - \$72,952) which was due to a company under common control or companies related by way of directors in common.

5. Segmented Information

(a) *Industry Information*

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

(b) *Geographic Information*

	<u>China</u>	<u>Canada</u>	<u>Total</u>
As at September 30, 2004			
Property, plant and equipment	\$ 154,368	\$ 30,532	\$ 184,900
As at December 31, 2003			
Property, plant and equipment	\$ 74,618	\$ 26,802	\$ 101,420

6. Change In Non-cash Operating Working Capital Items

	Three months ended		Nine months ended	
	September 30,		September 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Net (increase) decrease in:				
Accounts receivable	\$ (154,513)	\$ 111,438	\$ (249,586)	\$ (20,038)
Interest receivable	-	40,277	-	8,112
Royalty receivable	-	2,136	-	48,333
Receivable from related party	(489,434)	429,669	(1,155,748)	414,487
Prepaid expenses	(46,862)	(13,280)	(113,565)	(13,136)
Net increase in:				
Accounts payable and accrued liabilities	147,726	109,076	115,254	331,789
	<u>\$ (543,083)</u>	<u>\$ 679,316</u>	<u>\$ (1,403,645)</u>	<u>\$ 769,547</u>

Consolidated Schedule of Exploration Expenses
Three months ended September 30, 2004 and 2003

(Unaudited)

(Stated in U.S. dollars)

	Gold Projects				Copper Projects			September 30, 2004
	General Exploration	217 Gold	Dandong (QCZ) Gold	JBS Platinum & Palladium	Zhaotong	Huize-Xuanwei	Guizhou	
Payments to joint venture companies & partners	\$ 140,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 640,000
Drilling consultants	1,390	231,409	-	320	-	-	-	233,119
Geological consultants	137,539	50,740	3,117	7,881	2,760	-	3,815	205,854
Engineering & other consultants	15,367	40,354	-	12,588	-	-	-	68,309
Project management	22,948	7,058	206	263	-	1,306	274	32,057
Maps & reproductions	(1,293)	358	-	51	-	-	-	(883)
Sampling and assaying	10,146	251,652	-	1,531	-	-	1,209	264,537
General & administrative	22,943	17,261	2,028	206	2,888	-	5	45,332
Salaries & benefits	2,927	59,415	8	4,649	3,298	24	16	70,337
Travel	46,439	45,803	9,357	3,921	14,852	4,507	1,569	126,448
Amount recovered / recoverable	-	(710,937)	(7,358)	(15,983)	(23,792)	(2,919)	(3,444)	(764,433)
	<u>\$ 398,407</u>	<u>\$ 493,113</u>	<u>\$ 7,358</u>	<u>\$ 15,429</u>	<u>\$ 5</u>	<u>\$ 2,919</u>	<u>\$ 3,444</u>	<u>\$ 920,676</u>
Stock-based compensation (recovery)								(36,383)
								<u>\$ 884,293</u>

	Gold Projects				Copper Projects			September 30, 2003
	General Exploration	217 Gold	Dandong (QCZ) Gold	JBS Platinum & Palladium	Zhaotong	Huize-Xuanwei	Guizhou	
Payments to joint venture companies & partners	\$ -	\$ 160,000	\$ 200,000	\$ 374,897	\$ 525,000	\$ 600,000	\$ 100,000	\$ 1,959,897
Drilling and other consultants	-	193,704	33,593	71,352	57,474	21,154	871	378,147
Geological consultants	-	21,454	18,013	(98,005)	37,973	(20,217)	269	(40,513)
General exploration	19,526	55,088	43,339	13,497	(927)	(6,510)	(2,712)	121,302
General & administrative	186	2,270	5,390	5,294	(6,168)	5,274	3,520	15,766
Salaries & benefits	-	3,005	372	88	-	162	-	3,627
Travel	13,965	21,053	18,667	20,571	5,292	11,061	2,187	92,796
Amount recovered / recoverable	-	138,975	(131,107)	(16,950)	(245,112)	(311,010)	(50,196)	(615,400)
	<u>\$ 33,677</u>	<u>\$ 595,549</u>	<u>\$ 188,267</u>	<u>\$ 370,743</u>	<u>\$ 373,532</u>	<u>\$ 299,914</u>	<u>\$ 53,939</u>	<u>\$ 1,915,622</u>
Stock-based compensation								107,448
								<u>\$ 2,023,070</u>

JINSHAN GOLD MINES INC.
Schedule B – Supplementary Information
September 30, 2004
(Stated in U.S. dollars)

1. Securities Issued

The following common shares were issued during the nine months ended September 30, 2004:

Date	Security	Type	Number	Price Cdn \$	Proceeds Cdn \$	Consideration	Commission
1/7/2004	Common shares	Warrant exercise	140,000	\$ 0.40	\$ 56,000	Cash	Nil
1/21/2004	Common shares	Option exercise	6,250	0.90	5,625	Cash	Nil
2/16/2004	Common shares	Option exercise	10,000	0.73	7,300	Cash	Nil
2/23/2004	Common shares	Option exercise	2,500	0.90	2,250	Cash	Nil
3/11/2004	Common shares	Option exercise	6,667	0.73	4,867	Cash	Nil
3/19/2004	Common shares	Option exercise	5,000	0.80	4,000	Cash	Nil
3/19/2004	Common shares	Option exercise	6,600	0.73	4,818	Cash	Nil
4/2/2004	Common shares	Option exercise	200,000	1.16	232,000	Cash	Nil
5/6/2004	Common shares	Share issuance	2,500,000	1.75	4,375,000	Property	Nil
5/19/2004	Common shares	Option exercise	25,000	0.73	18,250	Cash	Nil
7/14/2004	Common shares	Option exercise	40,000	0.80	32,000	Cash	Nil
7/14/2004	Common shares	Option exercise	8,333	0.73	6,083	Cash	Nil
			<u>2,950,350</u>		<u>\$ 4,748,193</u>		

The following share purchase options were granted during the nine months ended September 30, 2004:

Date	Number	Optionee	Price Cdn \$	Expiry Date
26-Jan-04	25,000	Employees	\$ 2.36	26-Jan-09
13-Apr-04	495,000	Employees	2.00	13-Apr-09
13-Apr-04	50,000	Consultant	2.00	13-Apr-09
20-May-04	10,000	Employees	1.31	20-May-09
	<u>580,000</u>			

JINSHAN GOLD MINES INC.
Schedule B – Supplementary Information
September 30, 2004
(Stated in U.S. dollars)

2. Securities Outstanding

As at September 30, 2004, the following securities were outstanding:

- (a) The Company is authorized to issue an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.
- (b) There are 48,544,614 common shares outstanding with a recorded value of \$20,066,819.
- (c) Summary of options and warrants outstanding as at September 30, 2004:

Description	Number outstanding	Exercise Price Cdn \$	Expiry Date
Warrants	5,100,000	\$ 1.15	2-Jul-05
Warrants	2,000,000	1.20	11-Oct-04
Warrants	4,000,000	2.20	12-Dec-05
	11,100,000		
Options	250,000	\$ 0.90	1-Jun-07
Options	40,000	1.05	30-Jun-05
Options	110,000	0.90	31-Aug-07
Options	37,500	0.90	20-Oct-04
Options	60,000	1.16	17-Feb-08
Options	523,050	0.80	8-May-08
Options	1,264,418	0.73	6-Aug-08
Options	75,000	3.60	18-Nov-08
Options	25,000	2.36	26-Jan-09
Options	545,000	2.00	13-Apr-09
Options	10,000	1.31	20-May-09
	2,939,968		

JINSHAN GOLD MINES INC.
Schedule B – Supplementary Information
September 30, 2004
(Stated in U.S. dollars)

3. Directors and Officers

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