

**Notice of Annual Meeting
of the Shareholders
and
Management Proxy Circular
of
JINSHAN GOLD MINES INC.**

DATED: April 19, 2005

JINSHAN GOLD MINES INC.
654- 999 Canada Place
Vancouver, B.C. V6C 3E1
Telephone No.: 604-688-8323 Fax No.: 604-683-9387

NOTICE OF ANNUAL MEETING

NOTICE IS HEREBY GIVEN that the Annual Meeting (the "Meeting") of shareholders of **JINSHAN GOLD MINES INC.** (the "Company") will be held at Suite 629 - 999 Canada Place, Vancouver, British Columbia, on May 26, 2005 commencing at 10:00 a.m. local time for the following purposes:

1. to receive the report of the directors;
2. to receive the Company's audited consolidated financial statements for the financial year ended December 31, 2004, and the report of the auditors thereon;
3. to elect directors for the ensuing year;
4. to appoint the auditors for the ensuing year and to authorize the directors to fix the auditor's remuneration; and
5. to transact such other business as may properly come before such Meeting or at any adjournment thereof.

The Board of Directors has fixed April 8, 2005 as the record date for the determination of shareholders entitled to notice of, and to vote at, the Meeting and at any adjournment thereof.

A Management Proxy Circular, a form of proxy and a copy of the Company's 2004 Annual Report, which includes the Company's audited consolidated financial statements for the year ended December 31, 2004, and the auditor's report thereon, accompany this Notice. The Management Proxy Circular contains details of matters to be considered at the Meeting.

A shareholder, who is unable to attend the Meeting in person and who wishes to ensure that such shareholder's shares will be voted at the Meeting, is requested to complete, date and execute the enclosed form of proxy and deliver it by facsimile, by hand or by mail in accordance with the instructions set out in the form of proxy and in the Management Proxy Circular.

DATED at Vancouver, British Columbia, this 19th day of April, 2005.

BY ORDER OF THE BOARD

/s/ Beverly A. Bartlett

BEVERLY A. BARTLETT
CORPORATE SECRETARY

**Jinshan Gold Mines Inc.
Suite 654 – 999 Canada Place
Vancouver, British Columbia V6C 3E1**

MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular is furnished in connection with the solicitation of proxies by the management of Jinshan Gold Mines Inc. (the “Company”) for use at the annual general meeting (the “Meeting”) of its shareholders to be held at 10:00 a.m. on Thursday, May 26, 2005 in Suite 629 – 999 Canada Place, Vancouver, British Columbia, and at any adjournment thereof, for the purposes set forth in the Notice that accompanies this Management Proxy Circular. Unless otherwise stated, this Management Proxy Circular contains information as at April 19, 2005.

SOLICITATION OF PROXIES

The solicitation of proxies by management will be primarily by mail, but proxies may be solicited by directors, officers and regular employees of the Company personally, by telephone, or by means of electronic communication.

All costs of this solicitation will be borne by the Company.

APPOINTMENT OF PROXYHOLDERS

A shareholder entitled to vote at the Meeting may, by means of proxy, appoint a proxyholder or one or more alternate proxyholders, who need not be shareholders, to attend and act at the Meeting for the shareholder and on the shareholder’s behalf.

The individuals named in the accompanying form of proxy are directors and/or officers of the Company. **A shareholder may appoint, as proxyholder or alternate proxyholder, a person or persons other than any of the persons designated in the accompanying form of proxy, and may do so either by inserting the name or names of such persons in the blank space provided in the accompanying form of proxy or by completing another suitable form of proxy.**

An appointment of a proxyholder or alternate proxyholders will not be valid unless a form of proxy making the appointment, signed by the shareholder or by an attorney of the shareholder authorized in writing, is deposited with CIBC Mellon Trust Company, by facsimile to (604) 688-4301 or (416) 368-2502, by mail to P.O. Box 1900, Vancouver, British Columbia, V6E 3X1, by hand to Suite 1600, Oceanic Plaza, 1066 Hastings Street, Vancouver, British Columbia, V6E 3K9 or by hand or mail to 200 Queen’s Quay East, Unit 6, Toronto, Ontario, M5A 4K9 not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or any adjournment thereof at which the form of proxy is to be used.

REVOCAION OF PROXIES

A shareholder who has given a form of proxy may revoke it

- (a) by depositing an instrument in writing executed by the shareholder or by the shareholder’s attorney authorized in writing
 - (i) with CIBC Mellon Trust Company, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the Meeting or an adjournment thereof, at which the form of proxy is to be used,
 - (ii) at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or an adjournment thereof, at which the form of proxy is to be used, or

- (iii) with the chairman of the Meeting on the day of the Meeting or an adjournment thereof, or
- (b) in any other manner provided by law.

A revocation of a form of proxy will not affect a matter on which a vote is taken before the revocation.

VOTING OF PROXIES AND EXERCISE OF DISCRETION

On a poll, the nominees named in the accompanying form of proxy will vote or withhold from voting the shares represented thereby in accordance with the instructions of the shareholder. The form of proxy will confer discretionary authority on the nominees named therein with respect to

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors,
- (b) any amendment to or variation of any matter identified therein, and
- (c) any other matter that properly comes before the Meeting.

In respect of a matter for which a choice is not specified in the form of proxy, the nominees named in the accompanying form of proxy will vote shares represented by the form of proxy at their own discretion for the approval of such matter.

As of the date of this Management Proxy Circular, management of the Company knows of no amendment, variation or other matter that may come before the Meeting, but if any amendment, variation or other matter properly comes before the Meeting, each nominee named in the accompanying form of proxy intends to vote thereon in accordance with the nominee's best judgment.

VOTING BY NON-REGISTERED SHAREHOLDERS

Only registered shareholders of the Company or the persons they appoint as their proxies are permitted to vote at the Meeting. Most shareholders of the Company are "non-registered" shareholders ("Non-Registered Shareholders") because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. Shares beneficially owned by a Non-Registered Shareholder are registered either: (i) in the name of an intermediary (an "Intermediary") that the Non-Registered Shareholder deals with in respect of the shares of the Company (Intermediaries include, among others, banks, trust companies, securities dealers, securities brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant. In accordance with applicable securities law requirements, the Company will have distributed copies of the Notice of Meeting, this Management Proxy Circular, the form of proxy and the request form (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for distribution to Non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to Non-Registered Shareholders unless a Non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to Non-Registered Shareholders. Generally, Non-Registered Shareholders who have not waived the right to receive Meeting Materials will either be given:

- (a) a voting instruction form **which is not signed by the Intermediary** and which, when properly completed and signed by the Non-Registered Shareholder and **returned to the Intermediary or its service company**, will constitute voting instructions (often called a "voting instruction form") which the Intermediary must follow. Typically, the voting instruction form will consist of a one page pre-printed form. Sometimes, instead of the one page pre-printed form, the voting instruction form will consist of a regular printed proxy form accompanied by a page of instructions which contains a removable label with a bar code and other information. In order for the form of proxy to validly constitute a voting instruction

form, the Non-Registered Shareholder must remove the label from the instructions and affix it to the form of proxy, properly complete and sign the form of proxy and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or its service company; or

- (b) a form of proxy **which has already been signed by the Intermediary** (typically by a facsimile, stamped signature), which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise not completed by the Intermediary. Because the Intermediary has already signed the form of proxy, this form of proxy is not required to be signed by the Non-Registered Shareholder when submitting the form of proxy. In this case, the Non-Registered Shareholder who wishes to submit a form of proxy should properly complete the form of proxy and **deposit it with the Company, c/o CIBC Mellon Trust Company, Suite 1600, The Oceanic Plaza, 1066 Hastings Street, Vancouver, British Columbia, V6E 3K9 or 200 Queens Quay East, Unit 6, Toronto, Ontario, M5A 4K9.**

In either case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the common shares of the Company they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Shareholder), the Non-Registered Shareholder should strike out the persons named in the form of proxy and insert the Non-Registered Shareholder or such other person's name in the blank space provided. **In either case, Non-Registered Shareholders should carefully follow the instructions of their Intermediary, including those regarding when and where the proxy or voting instruction form is to be delivered.**

A Non-Registered Shareholder may revoke a proxy or voting instruction form given to an Intermediary by contacting the Intermediary through which the Non-Registered Shareholder's common shares of the Company are held and following the instructions of the Intermediary respecting the revocation of proxies. In order to ensure that an Intermediary acts upon a revocation of a proxy or voting instruction form, the written notice should be received by the Intermediary well in advance of the Meeting.

VOTES NECESSARY TO PASS RESOLUTIONS

Pursuant to the Articles of the Company, a quorum for the transaction of business at any meeting of shareholders is at least two members or proxyholders present at the commencement of the Meeting.

Under the British Columbia *Business Corporations Act*, a simple majority of the votes cast at the Meeting is required to pass all ordinary resolutions and, pursuant to the Company's Articles, a majority of not less than two-thirds of the votes cast at the Meeting is required to pass all special resolutions.

Shareholders will be asked to elect directors and appoint auditors for the ensuing year. If there are more nominees for election as directors or appointment as the Company's auditors than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled, all such nominees will be declared elected or appointed by acclamation.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

The Company is unaware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any person who has been a director or executive officer of the Company or is a proposed nominee for election as a director of the Company (or an associate or affiliate of such director, director nominee or executive officer) at any time since the beginning of the Company's last financial year in any matter to be acted upon other than the election of directors or the appointment of auditors.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The Company has an authorized capital consisting of an unlimited number of common shares without par value and an unlimited number of preference shares without par value.

As of April 19, 2005 the Company had outstanding 48,552,948 fully paid and non-assessable common shares without par value, each carrying the right to one vote. As of such date, there were no preference shares issued and outstanding.

A holder of record of one or more common shares on the securities register of the Company at the close of business on April 8, 2005 (the "Record Date") who either attends the Meeting personally or deposits a proxy in the manner and subject to the provisions described above will be entitled to vote or to have such common shares voted at the Meeting, except to the extent that:

- (a) the shareholder has transferred the ownership of any such common shares after the Record Date, and
- (b) the transferee produces a properly endorsed share certificate for, or otherwise establishes ownership of, any of the transferred common shares and makes a demand to CIBC Mellon Trust Company no later than 10 days before the Meeting that the transferee's name be included in the list of shareholders in respect thereof.

To the knowledge of the directors and executive officers of the Company, the following table sets forth information as of April 19, 2005, with respect to:

- (a) all persons known by the Company to beneficially own, directly or indirectly, or control or direct, more than 10% of the common shares issued and outstanding on a non-diluted basis; and
- (b) share ownership by the current directors and executive officers of the Company as a group.

<u>Name or Group and Municipality of Residence</u>	<u>Type of Ownership</u>	<u>Number of Issued Shares Owned⁽¹⁾</u>	<u>% of Shares Outstanding</u>
Ivanhoe Mines Ltd. Vancouver, British Columbia	Direct	18,697,112 ⁽²⁾	38.51%
Directors and Executive Officers as a Group	Indirect/direct	216,300	0.45%

(1) The information as to common shares beneficially owned, directly or indirectly, controlled or directed is not within the knowledge of the Company, its directors or its executive officers and has been furnished by the respective shareholders or has been extracted from the register of shareholdings maintained by the Company.

(2) This number does not include share purchase warrants to purchase 9,600,000 common shares of the Company owned by Ivanhoe Mines Ltd.

ELECTION OF DIRECTORS

The term of office of each of the current directors will end at the conclusion of the Meeting. Unless a director's office is vacated earlier in accordance with the provisions of the British Columbia *Business Corporations Act*, each director elected will hold office until the conclusion of the next annual general meeting of the Company or, if no director is then elected, until a successor is elected.

The following table sets out (i) the names of management's nominees for election as directors and the states/provinces and countries of their residence, (ii) the current and initial offices and positions with the Company or a subsidiary of the Company that each nominee now holds and, if applicable, then held, (iii) each nominee's principal occupation, business or employment, (iv) the period of time during which each individual has been a director of the Company and (v) the number of shares of the Company beneficially owned by each nominee, directly or indirectly, or over which each nominee exercised control or direction, as at April 19, 2005.

Name and Municipality of Residence	Period a Director of the Company	Principal Occupation During Past Five Years ⁽¹⁾	Common Shares beneficially owned, controlled or directed ^{(1) (2)}
Jay Chmelauskas Director Vancouver, BC Canada	since March 11, 2004	President of the Company (from March 4, 2004 to present); Project Manager of the Company (from April 2003 to present); Financial Analyst of Methanex Corp. (methane production company) (from August 2000 to September 2002); Engineer at Placer Dome Asia Pacific (from March 1999 to May, 2000)	5,000
R. Edward Flood Director Sun Valley, Idaho USA	since June 2, 2002	Deputy Chairman of Ivanhoe Mines Ltd.(mining company) (May 1999 to present); President, Ivanhoe Mines Ltd. (August 1995 to May 1999)	Nil
Y.B. Ian He ^{(3) (4) (5)} Director North Vancouver, BC Canada	since May 31, 2000	President of Spur Ventures Inc. (phosphate mining and fertilizer production in China) (from August 1995 to present)	Nil
Daniel Kunz ^{(3) (4) (5)} Director Boise, Idaho USA	since February 17, 2003	President of the Company (from February 13, 2003 to March 8, 2004); President and Chief Operating Officer of Ivanhoe Mines Ltd. (from 1998 to February 28, 2003 (COO) and from February 2001 to February 28 2003 (President))	211,300
Pierre B. Lebel ^{(3) (4) (5)} Director North Vancouver, BC Canada	since August 4, 2003	Chairman of Imperial Metals Corporation (January 2003 to present); President of Imperial Metals Corporation (December 2001 to January 2003); President of IEI Energy Inc. (formerly Imperial Metals Corporation) from 1986 to March 2002	Nil
Peter G. Meredith Director Vancouver, BC Canada	since May 20, 2004	Chief Financial Officer of Ivanhoe Mines Ltd. (mining company) (June 1999 to November 2001 and 2004 to present); Chief Financial Officer of Ivanhoe Capital Corporation (venture capital company) (1996 to present)	Nil

(1) The information as to principal occupation, business or employment and shares beneficially owned, controlled or directed by a nominee is not within the knowledge of the management of the Company and has been furnished by the nominee.

(2) Does not include unissued common shares issuable upon the exercise of incentive stock options.

(3) Indicates members of the Audit Committee.

(4) Indicates members of the Compensation and Benefits Committee.

(5) Indicates members of the Nominating & Corporate Governance Committee

Mr. Lebel was a Director of Imperial Metals Corporation ("Old Imperial") in 2002 when it implemented a Plan of Arrangement under the *Company Act* (British Columbia) and under the *Companies' Creditors Arrangement Act* (Canada) which resulted in the separation of the mining and oil and gas businesses carried on by Old Imperial. The reorganization created two public corporations that are listed for trading on the Toronto Stock Exchange, the new Imperial Metals Corporation, and IEI Energy Inc. (now Rider Resources Ltd.) an oil and gas company.

Other than the disclosed above, to the knowledge of the Company, no proposed director:

- (a) is, as at the date of this Management Proxy Circular, or has been, within 10 years before the date of this Management Proxy Circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity,
 - (i) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
 - (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the 10 years before the date of this Management Proxy Circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director.

Board Committees

The Company's Board of Directors has an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee.

Audit Committee

The mandate of the Audit Committee is to oversee the Company's financial reporting obligations, systems and disclosure, including monitoring the integrity of the Company's financial statements, monitoring the independence and performance of the Company's external auditors and acting as a liaison between the Board of Directors and the Company's auditors. The activities of the Audit Committee typically include reviewing interim financial statements and annual financial statements, ensuring that internal controls over accounting and financial systems are maintained and that accurate financial information is disseminated to shareholders, reviewing the results of internal and external audits and any change in accounting procedures or policies, and evaluating the performance of the Company's auditors. The Audit Committee communicates directly with the Company's external auditors in order to discuss audit and related matters whenever appropriate.

Information concerning the Audit Committee of the Company, as required by Multilateral Instrument 52-110, is provided in Schedule A to this Management Proxy Circular.

Compensation and Benefits Committee

The role of the Compensation and Benefits Committee is primarily to review the adequacy and form of compensation of senior management and the directors with such compensation realistically reflecting the responsibilities and risks of such positions, to administer the Company's equity incentive plan, to determine the recipients of, and the nature and size of share compensation awards granted from time to time, to determine the remuneration of executive officers and to determine any bonuses to be awarded.

The members of the Compensation and Benefits Committee are Messrs. Pierre Lebel, Daniel Kunz and Ian He. Mr. Kunz was the Company's part-time President until March 8, 2004 and became a member of the Compensation and Benefits Committee on May 20, 2004.

Nominating and Corporate Governance Committee

The Nominating and Corporate Governance Committee is responsible for making recommendations to the Board of Directors with respect to developments in the area of corporate governance and the practices of the Board of Directors. The Nominating and Corporate Governance Committee has expressly assumed responsibility for developing the Company's approach to governance issues. The Nominating and Corporate Governance Committee is also responsible for reporting to the Board of Directors with respect to appropriate candidates for nominations to the Board of Directors, and for overseeing the execution of an assessment process appropriate for the Board of Directors and its committees for evaluating the performance and effectiveness of the Board of Directors.

The Nominating and Corporate Governance Committee of the Company's Board of Directors currently consists of Messrs. Pierre Lebel, Daniel Kunz and Ian He. Mr. Lebel is chairman of the Nominating and Corporate Governance Committee and Mr. Kunz joined the Nominating and Corporate Governance Committee on May 20, 2004.

Statement of Corporate Governance Practices

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board of Directors and who are charged with the day-to-day management of the Company. The Board of Directors is committed to sound corporate governance practices which are in the interest of the Company's shareholders and also contribute to effective and efficient decision making. The Board of Directors has reviewed its corporate governance practices against the guidelines for improved corporate governance in Canada adopted by the Toronto Stock Exchange (the "Existing TSX Guidelines"). Attached as Schedule B to the Management Proxy Circular is an analysis of the extent to which the Company complies with the fourteen (14) specific provisions that form the Existing TSX Guidelines.

EXECUTIVE COMPENSATION

In accordance with the requirements of applicable securities legislation in Canada, the following executive compensation disclosure is provided in respect of the Company's President and Chief Financial Officer as at December 31, 2004 (the "Named Executive Officers"). During the year ended December 31, 2004, the Company did not employ any executive officers whose annual compensation exceeded Cdn.\$150,000 during such period.

Summary Compensation Table

The following table sets forth a summary of all compensation paid during the years ending December 31, 2002, 2003 and 2004 to each of the Named Executive Officers of the Company.

Name and Principal Position	Year	Annual Compensation			Long Term Compensation Awards Payouts			All Other Compensation (US\$)
		Salary (US\$)	Bonus (US\$)	Other Annual Compensation (US\$)	Securities Under Options/SARs Granted (#)	Restricted Shares or Restricted Share Units (US\$)	LTIP Payout (US\$)	
Jay Chmelauskas President	2004 ⁽¹⁾	\$109,838			375,000/0			
	2003	\$30,645			125,000/0			
	2002	-	-	-	-	-	-	-
Greg Shenton ⁽²⁾ Chief Financial Officer	2004	\$19,539			30,000/0			
	2003	\$12,046			50,000/0	-	-	-
	2002	n/a				-	-	-

(1) Mr. Chmelauskas was appointed President on March 8, 2004 and received compensation for the balance of the year at an annual rate of Cdn. \$144,000.

(2) Mr. Shenton was appointed Chief Financial Officer on November 7, 2003 and received compensation for the balance of that year and for the year ended December 31, 2004 on a shared cost basis in accordance with a cost sharing agreement (see – Interest of Informed Persons in Material Transactions – Cost Sharing Arrangements).

Long-term Incentive Plan (“LTIP”) Awards

The Company does not have a LTIP pursuant to which cash or non-cash compensation intended to serve as an incentive for performance (whereby performance is measured by reference to financial performance or the price of the Company's securities) was paid or distributed to any Named Executive Officers during the financial year ended December 31, 2004.

Options and Stock Appreciation Rights (“SARs”)

No SAR's have ever been granted to any of the Named Executive Officers.

The share options granted to the Named Executive Officers during the financial year ended December 31, 2004 were as follows:

Name	Securities Under Option/SAR Granted	% of Total Options / SAR's Granted to Employees in Financial Year	Exercise or Base Price (\$/Security)	Market Value of Securities Underlying Options / SARs on The Date of Grant (\$/Security)	Expiration Date
Jay Chmelauskas President	375,000	41.32%	Cdn.\$2.00	Cdn.\$1.90	April 13, 2009
Greg Shenton Chief Financial Officer	30,000	3.30%	Cdn.\$2.00	Cdn.\$1.90	April 13, 2009

Aggregated Option / SAR Exercises

No options or SAR's were exercised during the fiscal year ended December 31, 2004 by the Named Executive Officers.

Termination of Employment, Change in Responsibilities and Employment Contracts

As at December 31, 2004, the Company had employment agreements and/or consulting agreements with one of its Named Executive Officers

On March 8, 2004, the Board of Directors appointed Mr. Jay Chmelauskas as the Company's full-time President to replace Mr. Kunz, who had been acting as the Company's part-time President. Prior to his appointment as the Company's President, Mr. Chmelauskas was managing the Company's business development and other corporate finance activities from Beijing. Mr. Chmelauskas's current salary for services performed is at a rate of Cdn. \$144,000 per annum and his benefit programs are the same as those applicable to all of the Company's employees. The employment agreement does not contain any change of control arrangements and either party can terminate at any time without notice by compensating him for the period after termination equivalent to one month's salary.

Compensation of Directors

Commencing April 1, 2005, independent directors are paid a cash retainer as compensation for acting as a director, including their roles on various committees of the Board. As a result, the Company pays Pierre Lebel, the Chairman of the Board, a retainer of Cdn. \$1,500 per month and Ian He and Dan Kunz, the other two independent directors, a retainer of Cdn. \$1,000 per month. Currently no other fixed compensation is paid to directors of the Company for acting as such, although all directors have been granted and will continue to receive from time to time stock options. The directors are reimbursed for actual expenses reasonably incurred in connection with the performance of their duties as directors.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

Equity Compensation Plan Information

The following table sets forth information on the Company's equity compensation plans under which common shares are authorized for issuance as at December 31, 2004:

<i>Plan Category</i>	<i>Number of securities to be issued upon exercise of outstanding options, warrants and rights</i>	<i>Weighted-average exercise price of outstanding options, warrants and rights</i>	<i>Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))</i>
<i>(a)</i>	<i>(b)</i>	<i>(c)</i>	
<i>Equity compensation plans approved by securityholders</i>	3,178,634	Cdn.\$1.09	2,432,375
<i>Equity compensation plans not approved by securityholders</i>	N/A	N/A	N/A
<i>Total</i>	3,178,634	Cdn.\$1.09	2,432,375

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

At any time during the Company's most recently completed financial year, no director, executive officer or senior officer of the Company, no proposed management nominee for election as a director of the Company and no associate or affiliate of any such director, executive or senior officer or director nominee was indebted to the Company or any of its subsidiaries or was indebted to another entity where such indebtedness was or had been the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, other than routine indebtedness.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

The Company is unaware of any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, of any informed person of the Company, any proposed director of the Company or any associate or affiliate of any informed person or proposed director, in any transaction since the commencement of the Company's most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries other than the following:

Project Participation Arrangements

Ivanhoe Mines Ltd. ("Ivanhoe") is the Company's largest shareholder and owns approximately 39% of the Company's outstanding share capital, and approximately 49% on a fully diluted basis. In October 2003, the Company entered into an agreement in principle (the "Restructuring Agreement in Principle") with Ivanhoe to substantially restructure certain existing project participation arrangements originally created pursuant to an agreement dated May 31, 2002. In April 2004, the Company entered into a definitive agreement (the "Definitive Agreement") with Ivanhoe to ratify the terms of the Restructuring Agreement in Principle. Under the terms of the Definitive Agreement, the Company and Ivanhoe also agreed to effect a number of ancillary transactions. These included the creation of a joint venture in respect of the Shuteen exploration property in Mongolia, the issuance to Ivanhoe of 2,500,000 common shares of the Company as consideration for Ivanhoe's participation in the proposed transactions contemplated by the Definitive Agreement and the cash subscription by Ivanhoe for 2,500,000 units of the Company at a price of Cdn.\$1.75 per unit, each such unit consisting of one common share of the Company and one purchase warrant exercisable for two years to purchase an additional common share at a price of Cdn.\$2.20. Subsequent to the finalization of the Definitive Agreement, the Company and Ivanhoe entered an agreement with Quincunx (BVI) Ltd., their joint venture partner on the Shuteen exploration property, to convert their shared interest in the project to a 20% carried interest through to development.

Under the Definitive Agreement, Ivanhoe relinquished any and all rights under the May 2002 agreement to earn an increased participating interest in the 217 Project, the JBS Project and the Dandong gold project by completing a feasibility study and arranging project financing, and the Company relinquished any and all rights under the May 2002 letter agreement to enjoy a carried interest in those projects. Instead, Ivanhoe and the Company formed a joint venture in respect of each of these projects in which each of them hold an equal participating interest. Ivanhoe reimbursed the Company 50% of the expenditures incurred by the Company in respect of each project to April, 2004, less any expenditures in respect of the project incurred directly by Ivanhoe. The parties agreed to fund future joint venture expenditures in proportion to their respective interests. If either party fails to fund its proportionate share of expenditures, its interest in the joint venture will be diluted. If the Company's participating interest is diluted below 10%, its interest will be converted into a 10% net profits interest. If Ivanhoe's participating interest is diluted below 5%, its interest will be forfeited to the Company. The parties have agreed that they will also establish a twenty-five kilometre joint venture area of interest around each project.

The Definitive Agreement also provides that, except for its interests in the 217 Project and the Xiaohuangshan gold and copper exploration project (which is a new Company prospect in the Inner Mongolia region that remains subject to Ivanhoe's new project participation rights under the May 2002 agreement), the Company will not acquire any interest in any mineral property in the Inner Mongolia region and will immediately refer to Ivanhoe any opportunities that become available to the Company to acquire any mineral property interests in Inner Mongolia. Ivanhoe will make available to the Company any new mineral project opportunities in Inner Mongolia that Ivanhoe elects not to pursue. Except for its interests in the Dandong gold project, Ivanhoe will not acquire any interest in any mineral property in Liaoning Province or Anhui Province and will immediately refer to the Company any opportunities that become available to Ivanhoe to acquire any mineral property interests in Liaoning Province or Anhui Province. The Company will make available to Ivanhoe any new mineral project opportunities in Liaoning Province or Anhui Province that the Company elects not to pursue.

In addition, the Definitive Agreement provides that Ivanhoe's new project participation rights under the May 2002 agreement will be amended such that new projects, if any, acquired by the Company in Liaoning Province will no longer be subject to its terms. Each new project to which Ivanhoe's new project participation

rights are subject and in which Ivanhoe elects to participate will have a twenty-five kilometre area of interest. The parties will fund joint venture expenditures in proportion to their respective interests. If either party fails to fund its proportionate share of expenditures, its interest in the joint venture will be diluted. If the Company's participating interest is diluted below 10%, its interest will be converted into a 10% net profits interest. If Ivanhoe's participating interest is diluted below 5%, its interest will be forfeited to the Company. Ivanhoe will continue to hold the right, in respect of each new project, to increase its participating interest to 75% by completing a feasibility study and to 80% by arranging project financing. These rights must be exercised in respect of a particular new project within 90 days of Ivanhoe and the Company incurring collective expenditures of U.S.\$1 million in respect of the project.

Cost Sharing Arrangements

The Company is a party to a shareholders' cost-sharing agreement with certain other public and private companies, including Ivanhoe (the "Other Companies") pursuant to which the Company and the Other Companies are equal shareholders in Global Mining Management Corporation ("GMM") and, through GMM, share office space, furnishings and equipment and communications facilities (on a cost recovery basis) and the employment, on a part-time basis, of various administrative, office and management personnel in Vancouver, British Columbia. Costs of the shared office facilities and the shared part-time employees are recovered from the Company proportionate to the time spent by the shared part-time employees on matters pertaining to the Company. Certain of the directors and officers of the Company are also officers and directors of GMM. Certain key officers and office personnel of the Company are compensated through their role as employees of GMM, including the Chief Financial Officer and Corporate Secretary of the Company.

APPOINTMENT OF AUDITORS

Deloitte & Touche LLP, Chartered Accountants, will be nominated at the Meeting for re-appointment as auditors of the Company at a remuneration to be fixed by the directors.

MANAGEMENT CONTRACTS

Management functions of the Company and its subsidiaries are not performed by a person or persons other than the directors or senior officers of the Company.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Shareholders may contact the Company's Corporate Secretary at Suite 654 – 999 Canada Place, Vancouver, British Columbia, Canada, V6C 3E1 by mail, facsimile (1-604-682-2060) or telephone (1-604-609-0598) to request copies of the Company's financial statements and MD&A.

Financial information for the Company's most recently completed financial year is provided in its comparative financial statements and MD&A which are filed on SEDAR.

DIRECTORS' APPROVAL

The contents of this Management Proxy Circular and its distribution to shareholders have been approved by the Board of Directors of the Company.

DATED at Vancouver, British Columbia, as of the 19th day of April 2005.

BY ORDER OF THE BOARD

"Beverly A. Bartlett"
Beverly A. Bartlett
Corporate Secretary

SCHEDULE A

AUDIT COMMITTEE MATTERS

1. **Audit Committee Charter**

I. **Purpose**

The primary objective of the Audit Committee (the "Committee") of Jinshan Gold Mines Inc. (the "Company") is to act as a liaison between the Board and the Company's independent auditors (the "Auditors") and to assist the Board in fulfilling its oversight responsibilities with respect to (a) the financial statements and other financial information provided by the Company to its shareholders, the public and others, (b) the Company's compliance with legal and regulatory requirements, (c) the qualification, independence and performance of the Auditors and (d) the Company's risk management and internal financial and accounting controls, and management information systems.

Although the Committee has the powers and responsibilities set forth in this Charter, the role of the Committee is oversight. The members of the Committee are not full-time employees of the Company and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity. Consequently, it is not the duty of the Committee to conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditors.

The responsibilities of a member of the Committee are in addition to such member's duties as a member of the Board.

II. **Organization**

Members of the committee shall be directors and Committee membership shall satisfy the laws governing the Company and the independence, financial literacy, expertise and experience requirements under applicable securities laws, and stock exchange and any other regulatory requirements applicable to the Company.

The members of the Committee and the Chair of the Committee shall be appointed by the Board on the recommendation of the Nominating & Governance Committee. A majority of the members of the Committee shall constitute a quorum. A majority of the members of the Committee shall be empowered to act on behalf of the Committee. Matters decided by the Committee shall be decided by majority votes. The chair of the Committee shall have an ordinary vote.

Any member of the Committee may be removed or replaced at any time by the Board and shall cease to be a member of the Committee as soon as such member ceases to be a director.

The Committee may form and delegate authority to subcommittees when appropriate.

III. **Meetings**

The Committee shall meet as frequently as circumstances require, but not less frequently than four times per year. The Committee shall meet at least quarterly with management, the Company's financial and accounting officer(s) and the Auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believe should be discussed privately.

The Chair of the Committee shall be an independent chair who is not Chair of the Board. In the absence of the appointed Chair of the Committee at any meeting, the members shall elect a chair from those in attendance at the meeting. The Chair, in consultation with the other members of the Committee, shall set

the frequency and length of each meeting and the agenda of items to be addressed at each upcoming meeting.

The Committee will appoint a Secretary who will keep minutes of all meetings. The Secretary may also be the Chief Financial Officer, the Company's Corporate Secretary or another person who does not need to be a member of the Committee. The Secretary for the Committee can be changed by simple notice from the Chair. The Chair shall ensure that the agenda for each upcoming meeting of the Committee is circulated to each member of the Committee as well as the other directors in advance of the meeting.

The Committee may invite, from time to time, such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee. The Company's accounting and financial officer(s) and the Auditors shall attend any meeting when requested to do so by the Chair of the Committee.

IV. Authority and Responsibilities

The Board, after consideration of the recommendation of the Committee, shall nominate the Auditors for appointment by the shareholders of the Company in accordance with applicable law. The Auditors report directly to the Audit Committee. The Auditors are ultimately accountable to the Committee and the Board as representatives of the shareholders.

The Committee shall have the following responsibilities:

(a) Auditors

1. Recommend to the Board the independent auditors to be nominated for appointment as Auditors of the Company at the Company's annual meeting and the remuneration to be paid to the Auditors for services performed during the preceding year; approve all auditing services to be provided by the Auditors; be responsible for the oversight of the work of the Auditors, including the resolution of disagreements between management and the Auditors regarding financial reporting; and recommend to the Board and the shareholders the termination of the appointment of the Auditors, if and when advisable.
2. When there is to be a change of the Auditor, review all issues related to the change, including any notices required under applicable securities laws, and stock exchange or other regulatory requirements, and the planned steps for an orderly transition.
3. Review the Auditor's audit plan and discuss the Auditor's scope, staffing, materiality, and general audit approach.
4. Review on an annual basis the performance of the Auditors, including the lead audit partner.
5. Take reasonable steps to confirm the independence of the Auditors, which include:
 - (a) Ensuring receipt from the Auditors of a formal written statement in accordance with applicable regulatory requirements delineating all relationships between the Auditors and the Company;
 - (b) Considering and discussing with the Auditors any disclosed relationships or services, including non-audit services, that may impact the objectivity and independence of the Auditors;
 - (c) Approving in advance any non-audit related services provided by the Auditor to the Company, and the fees for such services, with a view to ensure independence of the Auditor, and in accordance with applicable regulatory standards, including applicable stock exchange requirements with respect to approval of non-audit related services performed by the Auditors; and
 - (d) As necessary, taking or recommending that the Board take appropriate action to oversee the independence of the Auditors.

6. Review and approve any disclosures required to be included in periodic reports under applicable securities laws, and stock exchange and other regulatory requirements with respect to non-audit services.
7. Confirm with the Auditors and receive written confirmation at least once per year as to (i) the Auditor's internal processes and quality control procedures; and (ii) disclosure of any material issues raised by the most recent internal quality control review, or per review within the preceding five years respecting an independent audit carried out by the Auditors or investigations or government or professional enquiries, reviews or investigations of the Auditors within the last five years.
8. Consider the tenure of the lead audit partner on the engagement in light of applicable securities laws, and stock exchange or applicable regulatory requirements.
9. Review all reports required to be submitted by the Auditors to the Committee under applicable securities laws, stock exchange or other regulatory requirements.
10. Receive all recommendations and explanations which the Auditors place before the Committee.

(b) Financial Statements and Financial Information

11. Review and discuss with management, the financial and accounting officer(s) and the Auditors, the Company's annual audited financial statements, including disclosures made in management's discussion and analysis, prior to filing or distribution of such statements and recommend to the Board, if appropriate, that the Company's audited financial statements be included in the Company's annual reports distributed and filed under applicable laws and regulatory requirements.
12. Review and discuss with management, the financial and accounting officer(s) and the Auditors, the Company's interim financial statements, including management's discussion and analysis, and the Auditor's review of interim financial statements, prior to filing or distribution of such statements.
13. Review any earnings press releases of the Company before the Company publicly discloses this information.
14. Be satisfied that adequate procedures are in place for the review of the Company's disclosure of financial information and extracted or derived from the Company's financial statements and periodically assess the adequacy of these procedures.
15. Discuss with the Auditor the matters required to be discussed by applicable auditing standards requirements relating to the conduct of the audit including:
 - (a) the adoption of, or changes to, the Company's significant auditing and accounting principles and practices;
 - (b) the management letter provided by the Auditor and the Company's response to that letter; and
 - (c) any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, or personnel and any significant disagreements with management.
16. Discuss with management and the Auditors major issues regarding accounting principles used in the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles. Review and discuss analyses prepared by management and/or the Auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative approaches under generally accepted accounting principles.

17. Prepare any report under applicable securities laws, and stock exchange or other regulatory requirements, including any reports required to be included in statutory filings, including in the Company's annual proxy statement.

(c) Ongoing Reviews and Discussions with Management and Others

18. Obtain and review an annual report from management relating to the accounting principles used in the preparation of the Company's financial statements, including those policies for which management is required to exercise discretion or judgments regarding the implementation thereof.
19. Periodically review separately with each of management, the financial and accounting officer(s) and the Auditors; (a) any significant disagreement between management and the Auditors in connection with the preparation of the financial statements, (b) any difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information and (c) management's response to each.
20. Periodically discuss with the Auditors, without management being present, (a) their judgments about the quality and appropriateness of the Company's accounting principles and financial disclosure practices as applied in its financial reporting and (b) the completeness and accuracy of the Company's financial statements.
21. Consider and approve, if appropriate, significant changes to the Company's accounting principles and financial disclosure practices as suggested by the Auditors or management and the resulting financial statement impact. Review with the Auditors or management the extent to which any changes or improvements in accounting or financial practices, as approved by the Committee, have been implemented.
22. Review and discuss with management, the Auditors and the Company's independent counsel, as appropriate, any legal, regulatory or compliance matters that could have a significant impact on the Company's financial statements, including applicable changes in accounting standards or rules, or compliance with applicable laws and regulations, inquiries received from regulators or government agencies and any pending material litigation.
23. Enquire of the Company's financial and accounting officer(s) and the Auditors on any matters which should be brought to the attention of the Committee concerning accounting, financial and operating practices and controls and accounting practices of the Company.
24. Review the principal control risks to the business of the Company, its subsidiaries and joint ventures; and verify that effective control systems are in place to manage and mitigate these risks.
25. Review and discuss with management any earnings press releases, including the use of "pro forma" or "adjusted" non-GAAP information, as well as any financial information and earnings guidance provided to analysts and rating agencies. Such discussions may be done generally (i.e., discussion of the types of information to be disclosed and the types of presentations made).
26. Review and discuss with management any material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital resources, capital reserves or significant components of revenues or expenses. Obtain explanations from management of all significant variances between comparative reporting periods.
27. Review and discuss with management the Company's major risk exposures and the steps management has taken to monitor, control and manage such exposures, including the Company's risk assessment and risk management guidelines and policies.

(d) Risk Management and Internal Controls

28. Review, based upon the recommendation of the Auditors and management, the scope and plan of the work to be done by the Company's financial and accounting group and the responsibilities, budget and staffing needs of such group.
29. Ensure that management has designed and implemented effective systems of risk management and internal controls and, at least annually, review the effectiveness of the implementation of such systems.
30. Approve and recommend to the Board for adoption policies and procedures on risk oversight and management to establish an effective system for identifying, assessing, monitoring and managing risk.
31. In consultation with the Auditors and management, review the adequacy of the Company's internal control structure and procedures designed to insure compliance with laws and regulations, and discuss the responsibilities, budget and staffing needs of the Company's financial and accounting group.
32. Establish procedures for (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
33. Review the internal control reports prepared by management, including management's assessment of the effectiveness of the Company's internal control structure and procedures for financial reporting and (ii) the Auditors' attestation, and report, on the assessment made by management.
34. Review the appointment of the chief financial officer and any key financial executives involved in the financial reporting process and recommend to the Board any changes in such appointment.

(e) Other Responsibilities

35. Create an agenda for the ensuing year.
36. Review and approve related-party transactions if required under applicable securities laws, and stock exchange or other regulatory requirements.
37. Review and approve (a) any change or waiver in the Company's code of ethics applicable to senior financial officers and (b) any disclosures made under applicable securities laws, and stock exchange or other regulatory requirements regarding such change or waiver.
38. Establish, review and approve policies for the hiring of employees or former employees of the Company's Auditors.
39. Review and reassess the duties and responsibilities set out in this Charter annually and recommend to the Nominating and Corporate Governance Committee and to the Board any changes deemed appropriate by the Committee.
40. Review its own performance annually, seeking input from management and the Board.
41. Perform any other activities consistent with this Charter, the Company's constating documents and governing law, as the Committee or the Board deems necessary or appropriate.

V. Reporting

The Committee shall report regularly to the Board and shall submit the minutes of all meetings of the Audit Committee to the Board (which minutes shall ordinarily be included in the papers for the next full board meeting after the relevant meeting of the Committee). The Committee shall also report to the Board on the proceedings and deliberations of the Committee at such times and in such manner as the Board may require. The Committee shall review with the full Board any issues that have arisen with respect to the quality or integrity of the Company's financial statements, the Company's compliance with legal or regulatory requirements, the performance or independence of the Auditors or the performance of the Company's financial and accounting group.

VI. Resources and Access to Information

The Committee shall have the authority to retain independent legal, accounting and other consultants to advise the Committee.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities. The Committee has direct access to anyone in the organization and may request any officer or employee of the Company or the Company's outside counsel or the Auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee with or without the presence of management. In the performance of any of its duties and responsibilities, the Committee shall have access to any and all books and records of the Company necessary for the execution of the Committee's obligations.

The Committee shall consider the extent of funding necessary for payment of compensation to the Auditors for the purpose of rendering or issuing the annual audit report and recommend such compensation to the Board for approval. The Audit Committee shall determine the funding necessary for payment of compensation to any independent legal, accounting and other consultants retained to advise the Committee.

2. Composition of the Audit Committee

The Company's Committee consists of Messrs. Pierre Lebel, Daniel Kunz and Ian He. Mr. Kunz is the Chairman of the Committee. The Board of Directors has determined that all members of the Audit Committee are "independent" and all members are "financially literate" as defined in Multilateral Instrument 52-110.

3. Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year has a recommendation of the Committee to nominate or compensate an external auditor not been adopted by the Board.

4. Reliance on Certain Exemptions

Other than as otherwise disclosed herein, at no time since the commencement of the Company's most recently completed financial year has the Company relied on an exemption under section 2.4 (*De Minimus Non-audit Services*) of MI 52-110 or an exemption granted under Part 8 of MI 52-110.

5. Pre-Approval Policies and Procedures

All services to be performed by the Company's independent auditor must be approved in advance by the Committee or the Designated Member.

The Committee has considered whether the provision of services other than audit services is compatible with maintaining the auditors' independence and has adopted a policy governing the provision of these services. This policy requires the pre-approval by the Committee or the Designated Member of all audit and non-audit services provided by the external auditor, other than any *de minimus* non-audit services allowed by applicable law or regulation. The decision of the Designated Member to pre-approve a permitted service needs to be reported to the Committee at its regularly scheduled meetings.

Pre-approval from the Committee or the Designated Member can be sought for planned engagements based on budgeted or committed fees. No further approval is required to pay pre-approved fees. Additional pre-approval is required for any increase in scope or in final fees.

6. External Auditor Service Fees (By Category)

Deloitte & Touche LLP, Chartered Accountants, has served as the Company's auditing firm since May 31, 2000. Fees billed by Deloitte & Touche LLP, Chartered Accountants, during 2004 and 2003 were Cdn \$63,500 and Cdn \$127,500, respectively. The aggregate fees billed or expected to be billed by the auditors in fiscal 2004 and fiscal 2003 are detailed below.

	<u>2004</u>	<u>2003</u>
Audit Fees (a)	\$83,500	\$127,500
All Other Fees	-	-
TOTAL	\$83,500	\$127,500

- a) Fees for audit services billed or expected to be billed relating to fiscal 2004 and fiscal 2003 consisted of:
- audit of the Company's annual statutory financial statements
 - reviews of the Company's quarterly financial statements
 - comfort letters, consents, and other services related to Canadian securities regulatory authorities' matters

7. Exemption

The Company is relying on the exemption in section 6.1 of MI 52-110, which exempts TSX Venture Exchange issuers from the requirements of Part 3 (*Composition of the Audit Committee*) and Part 5 (*Reporting Obligations*) of MI 52-110.

SCHEDULE B

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

TSX Corporate Governance Guideline	Does the Company Align?	Comments
1. <i>Mandate of the board</i>		
The board of directors of every corporation should explicitly assume responsibility for stewardship of the corporation.	Yes	The board of directors has assumed responsibility for the stewardship of the Company and has adopted a formal mandate setting out its stewardship responsibilities.
<p>As part of the overall stewardship responsibility, the board should assume responsibility for the following matters:</p> <p>(a) adoption of a strategic planning process;</p>	Yes	<p>The board has adopted a strategic planning process in which it has assumed responsibility for ensuring there are long-term goals and strategies in place for the Company. The board meets at least quarterly, and reviews and assists management in forming short and long term objectives of the Company. The board as a whole participates in discussions on corporate strategy.</p> <p>The board reviews strategic plans proposed by management on an ongoing basis. The board also maintains oversight of management's strategic planning initiatives through annual budget reviews and approvals. The strategic planning process adopted by the board takes into account, among other things, the opportunities and risks of the business.</p>
<p>(b) the identification of the principal risks of the corporation's business and ensuring the implementation of appropriate systems to manage these risks;</p>	Yes	<p>In order to ensure that the principal business risks borne by the Company are identified and appropriately managed, the board receives periodic reports from management of the Company's assessment and management of such risks. In conjunction with its review of operations which takes place at each board meeting, the board considers risk issues and approves corporate policies addressing the management of the risk of the Company's business.</p>
<p>(c) succession planning, including appointing, training and monitoring senior management;</p>	No	<p>While the Company has no formal succession plan, it has a senior management team comprised of a number of individuals who are capable of assuming greater</p>

TSX Corporate Governance Guideline	Does the Company Align?	Comments
		responsibility should the need arise. The board takes ultimate responsibility for the appointment and monitoring of the Company's senior management. The board approves the appointment of senior management and reviews their performance on an ongoing basis.
(d) a communication policy for the corporation;	Yes	The Company has a disclosure policy addressing, among other things, how the Company interacts with analysts and the public, and contains measures for the Company to avoid selective disclosure. The Company has a Corporate Disclosure, Confidentiality and Securities Trading Committee responsible for overseeing the Company's disclosure practices. This committee consists of the President, the Chief Financial Officer, the Corporate Secretary and senior corporate communications and relations personnel, and receives advice from the Company's legal counsel. This committee assesses materiality and determines when developments justify public disclosure. The committee will review the disclosure policy annually and as otherwise needed to ensure compliance with regulatory requirements. The board also reviews and approves the Company's disclosure documents, including its offering documents and management proxy circular. The Company's annual and quarterly financial reports (including management's discussion and analysis), and other financial disclosure is reviewed by the Audit Committee and recommended to the board prior to its release.
(e) the integrity of the corporation's internal control and management information systems.	Yes	The Audit Committee has the responsibility to monitor and assess the integrity of the Company's internal controls and management information systems, review them with management and the Company's external auditors, and report to the board with respect thereto.

TSX Corporate Governance Guideline	Does the Company Align?	Comments
2. <i>Composition of the board</i>		
<p>The board of directors of every corporation should be constituted with a majority of individuals who qualify as unrelated directors.</p>	Yes	<p>At the date of this Management Proxy Circular, five of the six members of the board of directors are “unrelated”, as that term is defined in the Existing TSX Guidelines. The board is, therefore, presently constituted with a majority of individuals who qualify as unrelated directors.</p> <p>The definitions under the Existing TSX Guidelines are as follows:</p> <ul style="list-style-type: none"> - a director who is independent of management and is free from any interest and any business or other relationship which could, or reasonably be perceived to, materially interfere with the director’s ability to act with a view to the best interest of the company, other than interests and relationships arising from shareholding. <p>A “related director” is a director who is not an unrelated director or is a member of management.</p>
<p>If the corporation has a significant shareholder, in addition to a majority of unrelated directors, the board should include a number of directors who do not have interests in or relationships with either the corporation or the significant shareholder and which fairly reflects the investment in the corporation by shareholders other than the significant shareholder.</p>	Yes	<p>While the Company does not have a “significant shareholder” within the meaning of Existing TSX Guidelines (being a shareholder with the ability to exercise a majority of votes for the election of directors), its largest shareholder, Ivanhoe, constitutes a control person and exerts effective control over the election of directors. Two of the Company’s directors are senior officers of Ivanhoe. The Company has ensured that there is representation on the Board of Directors independent of both the Company and Ivanhoe, with three directors serving in that capacity.</p> <p>The Company anticipates that as it matures as a business enterprise, it will identify additional qualified candidates that have experience relevant to the Company’s needs and are independent of the Company and Ivanhoe and are considered independent under the corporate governance rules and recommendations of applicable Canadian securities laws.</p>

TSX Corporate Governance Guideline	Does the Company Align?	Comments
<p>Disclose for each director whether he or she is related, and how that conclusion was reached.</p>		<p>Mr. Chmelauskas is considered to be a related director in his capacity as member of the Company's senior management.</p> <p>Messrs. Flood and Meredith are considered to be unrelated directors, as defined in the Existing TSX Guidelines. Each of Messrs. Flood and Meredith are senior officers and directors of Ivanhoe. The Company has considered its relationship with Ivanhoe in general, and views the influence of Ivanhoe to be derived principally from its position as a controlling shareholder of the Company.</p> <p>The Board has determined that they act independent of management of the Company. Accordingly, while these directors may not necessarily be considered "independent" under corporate governance guidelines of certain Canadian securities laws, they meet the definition of "unrelated" under the Existing TSX Guidelines.</p> <p>Messrs. Lebel and He are unrelated to the Company and have no material connection to the Company other than their role as directors. Mr. Kunz is a former President of the Company and of Ivanhoe; however, he is considered "independent" in accordance with MI 52-110 and the board has determined that he is unrelated under the TSX Guidelines.</p>
<p>4. <i>Nominating/Corporate Governance Committee</i></p>		
<p>The board of directors of every corporation should appoint a committee of directors composed exclusively of outside (i.e. non-management) directors, a majority of whom are unrelated, with the responsibility of proposing to the full board new nominees to the board and for assessing directors on an ongoing basis.</p>	<p>Yes</p>	<p>The board has a Nominating and Corporate Governance Committee consisting of Messrs. Flood, Lebel and He, all of whom are unrelated directors, as defined in the Existing TSX Guidelines.</p> <p>The full board will determine, in light of the opportunities and risks facing the Company, what competencies, skills and personal qualities it should seek in new board members in order to add value to the Company. Based on this framework, the Nominating and Corporate Governance Committee has responsibility for proposing to the full board new nominees to the board, and for assessing directors on an ongoing basis.</p>

TSX Corporate Governance Guideline	Does the Company Align?	Comments
5. <i>Board Assessment</i>		
Every board of directors should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the board, as a whole, the committees of the board and the contribution of individual directors.	No	The Nominating and Corporate Governance Committee is continuing to develop an assessment process appropriate for the board and each of its committees.
6. <i>Orientation and Education</i>		
Every corporation, as an integral element of the process of appointing new directors, should provide an orientation and education program for new recruits to the board.	Yes	The Company takes steps to ensure that prospective directors fully understand the role of the board and its committees and the contribution individual directors are expected to make, including, in particular the commitment of time and energy that the Company expects of its directors. New directors receive a comprehensive information package, including pertinent corporate documents and a director's manual containing information on the duties, responsibilities and liabilities of directors. New directors are also briefed by management as to the status of the Company's business.
7. <i>Size and Composition of the board</i>		
Every board of directors should examine its size and undertake, where appropriate, a program to establish a board size which facilitates effective decision-making.	Yes	The Nominating and Corporate Governance Committee examines the size and composition of the board on an ongoing basis with a view to recommending adjustments to ensure that the board has a balanced representation among management, the Company's major shareholder and independent directors, and is of a size that facilitates effective decision-making, given the Company's stage of development and the size and complexity of its business.
8. <i>Compensation</i>		
The board of directors should review the adequacy and form of compensation of directors and ensure the compensation realistically reflects the responsibilities and risk involved in being an effective director.	Yes	The Company pays a nominal cash retainer to its independent directors for acting in such capacity; however, no fees or commissions are paid to the related directors or the directors associated with Ivanhoe. All directors of the Company are given compensation through the grant of stock options.

TSX Corporate Governance Guideline	Does the Company Align?	Comments
		<p>The board acts through its Compensation and Benefits Committee to review the adequacy and form of compensation of the directors and ensure that such compensation realistically reflects the responsibilities and risks involved in being an effective director. The members of the Compensation and Benefits Committee are Messrs. He, Kunz and Lebel, all of whom are unrelated directors.</p>
<p>9. <i>Composition of Committees</i></p>		
<p>Committees of the board of directors should generally be composed of outside (i.e. non-management) directors, the majority of whom are unrelated directors, although some board committees may include one or more inside directors.</p>	<p>Yes</p>	<p>The board of directors has established three standing committees of directors (the Audit Committee, the Compensation and Benefits Committee and the Nominating and Corporate Governance Committee). Each committee is composed entirely of unrelated directors.</p>
<p>10. <i>Governance Committee</i></p>		
<p>Every board of directors should assume responsibility for, or assign to a committee of directors, the general responsibility for, developing the corporation's approach to governance issues. This committee would, among other things, be responsible for the corporation's response to the TSX Guidelines.</p>	<p>Yes</p>	<p>The Nominating and Corporate Governance Committee is responsible for making recommendations to the board relating to the Company's approach to corporate governance and the Company's response to the Existing TSX Guidelines.</p>
<p>11. <i>Position Descriptions</i></p>		
<p>The board of directors, together with the CEO, should develop position descriptions for the board and for the CEO, including the definition of limits to management's responsibilities.</p>	<p>Yes</p>	<p>The board of directors has adopted a formal mandate for the board, as stated in Item 1, and has developed a formal position description for its President. The board of directors requires management to obtain the board of directors' approval for all significant decisions, including major financings, acquisitions, dispositions, budgets and capital expenditures. The board of directors requires management to keep it aware of the Company's performance and events affecting the Company's business. The board of directors retains responsibility for any matter that has not been delegated to senior management or to a committee of directors.</p>

TSX Corporate Governance Guideline	Does the Company Align?	Comments
<p>In addition, the board should approve or develop the corporate objectives which the CEO is responsible for meeting.</p>	<p>Yes</p>	<p>The board has imposed upon its President a mandate to identify and evaluate prospective mineral properties for the purpose of acquiring or developing significant mineral deposits for the Company. The Board has vested the President with that responsibility and reviews the President's progress to ensure he is carrying out this objective.</p>
<p>12. <i>Procedures to Ensure Independence</i></p>		
<p>Every board of directors should implement structures and procedures which ensure that the board can function independently of management. An appropriate structure would be to (i) appoint a chair of the board who is not a member of management with responsibility to ensure the board discharges its responsibilities; or (ii) assign this responsibility to an outside director, sometimes referred to as the "lead director". The chair or lead director should ensure that the board carries out its responsibilities effectively, which will involve the board meeting on a regular basis without management present and may involve assigning the responsibility for administering the board's relationship to management to a committee of the board.</p>	<p>Yes</p>	<p>Mr. Lebel, an independent, unrelated director, currently serves as Chairman of the board of directors.</p> <p>The board has the ability to function independently of management through the mandate described in item 11 above.</p> <p>The board or members of the board meet from time to time without management and management directors being present to discuss Company business. All committees may meet without management or related directors being present at the request of any directors.</p>
<p>13. <i>Composition of the Audit Committee</i></p>		
<p>The audit committee of every board of directors should be composed only of unrelated directors.</p>	<p>Yes</p>	<p>The Audit Committee consists of Messrs. He, Kunz and Lebel, and is therefore composed of all unrelated directors.</p> <p>The board has determined that all members of the Audit Committee are financially literate, since each member has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.</p>

TSX Corporate Governance Guideline	Does the Company Align?	Comments
<p>The roles and responsibilities of the audit committee should be specifically defined so as to provide appropriate guidance to audit committee members as to their duties.</p>	<p>Yes</p>	<p>The mandate of the Audit Committee includes the overseeing of the Company's financial reporting obligations, systems and disclosure, including monitoring the integrity of the Company's financial statements, monitoring the independence and performance of the Company's external auditors and acting as a liaison between the board and the Company's auditors. The activities of the Audit Committee include reviewing the Company's interim financial statements and annual financial statements and Management's Discussion and Analysis, ensuring that internal controls over accounting and financial systems are maintained and that accurate financial information is disseminated to shareholders, reviewing the results of audits and any change in accounting procedures or policies, and evaluating the performance of the Company's auditors.</p> <p>The Company has adopted an Audit Committee charter which codifies the mandate of the Audit Committee to, and specifically defines its relationship with, and expectations of, the external auditors, including the establishment of the independence of the external auditor and the approval of any non-audit mandates of the external auditor; the engagement, evaluation, remuneration and termination of the external auditor; its oversight of internal controls; and the disclosure of financial and related information. The Audit Committee will review and reassess the adequacy of the Audit Committee charter on an annual basis.</p>
<p>The audit committee should have direct communication channels with the internal and the external auditors to discuss and review specific issues as appropriate.</p>	<p>Yes</p>	<p>The Audit Committee has regular access to the Chief Financial Officer of the Company. The external auditors regularly attend all meetings of the Audit Committee. At each meeting of the Audit Committee, a portion of the meeting is set aside to discuss matters with the external auditors without management being present. In addition, the Audit Committee has the authority to call a meeting with the external auditors without management being present, at the committee's discretion.</p>

TSX Corporate Governance Guideline	Does the Company Align?	Comments
<p>Audit Committee duties should include oversight responsibility for management reporting on internal control. While it is management's responsibility to design and implement an effective system of internal control, it is the responsibility of the Audit Committee to ensure that management has done so.</p>	<p>Yes</p>	<p>The Audit Committee oversees management reporting on the Company's internal controls.</p>
<p>15. <i>External Advisors</i></p>		
<p>The board of directors should implement a system which enables individual directors to engage an outside advisor, at the expense of the company in appropriate circumstances. The engagement of the outside advisor should be subject to the approval of an appropriate committee of the board.</p>	<p>Yes</p>	<p>Each committee is empowered to engage external advisors as it sees fit. Any individual director is entitled to engage an outside advisor at the expense of the Company provided that such director has obtained the approval of the Nominating and Corporate Governance Committee to do so.</p>