China Minerals
MINING CORPORATION

(Formerly HAWTHORNE GOLD CORP.)

Interim Consolidated Financial Statements

For the Nine Months Ended

August 31, 2011

China Minerals MINING CORPORATION

NOTICE OF NO AUDITOR REVIEW OF
INTERIM CONSOLIDATED FINANCIAL STATEMENTS

In accordance with National Instrument 51-102, Part 4, subsection 4.3(3)(a), China Minerals Mining Corporation discloses that the accompany unaudited interim consolidated financial statements for the nine months ended August 31, 2011 have been prepared by and are the responsibility of the Company's management. They have been reviewed and approved by the Company's Audit Committee and the Board of Directors.

The Company's independent auditor, PricewaterhouseCoopers LLP, has not performed a review of these unaudited interim consolidated financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants.

China Minerals Mining Corporation
(Formerly Hawthorne Gold Corp.)
Consolidated Balance Sheets
(In Canadian Dollars and unaudited)

		August 31, 2011		***November 30, 2010***
ASSETS				
Current assets				
Cash and cash equivalents	$	7,652,635	$	475,408
Short-term investments		26,500		1,755,371
Other receivables		30,962		966,062
Prepaid expenses		77,882		68,988
Mine supplies inventory		63,340		43,610
		7,851,319		3,309,439
Reclamation bonds (Note 4)		314,444		309,444
Property, plant and equipment (Note 3)		1,688,408		1,871,893
Mineral properties (Note 4)		25,964,225		24,500,000
	$	35,818,396	$	29,990,776
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$	161,382	$	464,895
Due to related parties (Note 7)		86,187		15,900
Mortgage payable - current (Note 3)		102,712		93,914
		350,281		574,709
Mortgage payable (Note 3)		9,116		87,288
Asset retirement obligation (Note 4)		208,962		188,811
		568,359		850,808
SHAREHOLDERS' EQUITY				
Share capital (Note 5)		49,516,367		42,038,552
Subscriptions received in advance		-		55,000
Contributed surplus (Note 6)		9,726,070		9,392,304
Deficit		(23,992,400)		(22,345,888)
		35,250,037		29,139,968
	$	35,818,396	$	29,990,776

Going concern and nature of operations (Note 1)
Commitments and contingencies (Note 9)

The accompanying notes are an integral part of the consolidated financial statements.

Approved on behalf of the Board of Directors:

"Harvey Brooks" — Director

"David Bo" — Director

China Minerals Mining Corporation
(Formerly Hawthorne Gold Corp.)
Consolidated Statements of Loss and Comprehensive Loss and Deficit
(In Canadian Dollars and unaudited)

	Three months ended August 31, 2011	Three months ended August 31, 2010	Nine months ended August 31, 2011	Nine months ended August 31, 2010
Administrative expenses				
Accretion of asset retirement obligation	$ 4,860	$ 20,294	$ 14,579	$ 60,882
Amortization	3,179	10,781	9,539	32,835
Bank charges and financing interests	1,058	800	14,319	54,055
Filing fees and transfer agent	14,938	13,088	51,809	33,385
Investor relations	20,772	9,330	109,468	211,176
Management services fees (Note 7)	86,187	-	86,187	-
Professional and consulting fees	117,773	38,895	207,875	247,761
Rent and office expenses	81,254	173,761	241,690	401,843
Salaries and benefits	219,385	145,161	521,956	568,479
Shareholder information	7,282	18,618	43,590	85,084
Stock-based compensation	137,334	68,764	326,501	606,130
Travel expenses	25,687	583	30,482	2,513
Loss before other income (expenses) and income taxes	(719,709)	(500,075)	(1,657,995)	(2,304,143)
Other income (expenses)				
Interest income	23,813	7,437	61,127	9,122
Loss in foreign exchange	382	(1,022)	(1,400)	(5,110)
Loss on disposal of equipment	-	(135,520)	-	(277,289)
Project investigation	(37,744)	(12,399)	(48,244)	(479,625)
Write-off of reclamation bonds	-	-	-	(50,000)
Write-down of mineral properties	-	-	-	(9,672,305)
Loss before income taxes	(733,258)	(641,579)	(1,646,512)	(12,779,350)
Future income tax recovery	-	-	-	438,824
Loss and comprehensive loss for the period	(733,258)	(641,579)	(1,646,512)	(12,340,526)
Deficit, beginning of the period	(23,259,142)	(14,599,304)	(22,345,888)	(2,900,357)
Deficit, end of the period	$ (23,992,400)	$ (15,240,883)	$ (23,992,400)	$ (15,240,883)
Basic and diluted loss per common share	(0.00)	(0.01)	(0.01)	(0.15)
Weighted average number of common shares outstanding	189,373,268	82,115,133	161,254,489	81,798,088

The accompanying notes are an integral part of the consolidated financial statements.

China Minerals Mining Corporation
(Formerly Hawthorne Gold Corp.)
Consolidated Statements of Cash Flows
(In Canadian Dollars and unaudited)

	Three months ended August 31, 2011	Three months ended August 31, 2010	Nine months ended August 31, 2011	Nine months ended August 31, 2010
Operating activities				
Loss for the period	$ (733,258)	$ (641,579)	$ (1,646,512)	$ (12,340,526)
Items not involving cash:				
Accretion of asset retirement obligation	4,860	20,294	14,579	60,882
Amortization	3,179	10,781	9,539	32,835
Stock-based compensation	137,334	68,764	326,501	606,130
Loss from disposal of equipment	-	135,520	-	277,289
Write-off of reclamation bonds	-	-	-	50,000
Write-down of mineral property interests	-	-	-	9,672,305
Future income tax recovery	-	-	-	(438,824)
	(587,885)	(406,220)	(1,295,893)	(2,079,909)
Net changes in non-cash working capital				
Other receivables and prepaid expenses	172,578	(240,437)	926,206	(101,745)
Mine supplies inventory	1,567	-	(19,730)	104,276
Accounts payable and accrued liabilities	(30,282)	25,200	(217,950)	(328,572)
Due to related parties	81,587	(6,696)	70,287	(48,925)
Cash used in operating activities	(362,435)	(628,153)	(537,080)	(2,454,875)
Investing activities				
Property, plant and equipment	(2,914)	1,680	(2,914)	(2,270)
Mineral properties	(362,421)	(97,475)	(1,365,091)	(2,238,025)
Short-term investments	764,395	-	1,728,871	-
Proceeds from sale of mineral property equipment	-	85,000	-	85,000
Cash provided by (used in) investing activities	399,060	(10,795)	360,866	(2,155,295)
Financing activities				
Shares issued, net of issuance costs	-	-	7,422,815	1,604,847
Subscriptions received in advance	-	(7,936)	-	3,985,219
Repayment of loans payable to related parties	-	-	-	(477,500)
Repayment of mortgage	(23,818)	(21,137)	(69,374)	(61,566)
Repayment of capital lease	-	(110,000)	-	(182,561)
Cash (used in) provided by financing activities	(23,818)	(139,073)	7,353,441	4,868,439
Increase (decrease) in cash	12,807	(778,021)	7,177,227	258,269
Cash, beginning of the period	7,639,828	1,191,318	475,408	155,028
Cash, end of the period	$ 7,652,635	$ 413,297	$ 7,652,635	$ 413,297
Supplementary cash flow disclosure				
Interest paid	$ 3,833	6,514	$ 13,579	$ 37,066

Supplemental disclosure with respect to cash flows (Note 8).

The accompanying notes are an integral part of the consolidated financial statements.

1. GOING CONCERN AND NATURE OF OPERATIONS

China Minerals Mining Corporation (formerly "Hawthorne Gold Corp.") (the "Company") was incorporated under the laws of British Columbia on January 18, 2006. The Company's principal business activities include the acquisition, exploration and development of mineral properties. The Company is listed on the TSX Venture Exchange.

These interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue its operations for the next fiscal year and to realize its assets and meet its obligations and commitments in the normal course of business. The Company's ability to continue as a going concern depends upon its ability in raising additional equity and/or debt financing. Although the Company has been successful in the past in obtaining capital, there is no assurance that it will have access to the financing market in the future or that such financing will be on terms advantageous to the Company. At August 31, 2011, the Company has incurred accumulated deficit of $23,992,400 (November 30, 2010 - $22,345,888) and working capital of $7,501,038 (November 30, 2010 - $2,734,730). With the closing of the private placement in March 2011, the Company has sufficient funds to meet its commitments and is now in a position to proceed with its plan in advancing its corporate objectives.

2. ACCOUNTING POLICIES

Basis of Presentation and Consolidation

These interim consolidated financial statements have been prepared in accordance with Canadian GAAP for interim financial information. Accordingly, they do not contain all of the information and disclosures required for annual financial statements and should be read in conjunction with the Company's most recent audited financial statements at November 30, 2010. These statements include the accounts of the Company and its wholly owned subsidiary, Cassiar Gold Corp. (formerly "Cusac Gold Mines Ltd.") ("Cassiar"). All intercompany transactions and balances have been eliminated.

International Financial Reporting Standards ("IFRS")

Publicly accountable companies will be required to prepare their financial statements in accordance with IFRS, replacing Canadian GAAP, for fiscal years beginning on or after January 1, 2011. Accordingly, the conversion to IFRS will be applicable to the Company with its fiscal year beginning December 1, 2011.

The Company has reviewed and identified key differences between Canadian GAAP and IFRS. Potential impacts of IFRS adoption upon the Company's financial reporting are: property, plant and equipment, exploration costs, impairment of long-lived assets, asset retirement obligations, share-based compensation, accounting for flow-through shares and extensive disclosure and analysis of balances and transactions in the notes to financial statements. The Company has completed the assessment stage. An IFRS consultant is assisting the Company in the implementation.

(In Canadian Dollars and unaudited)

3. PROPERTY, PLANT AND EQUIPMENT

	August 31, 2011		
	Cost	Accumulated Amortization	Net Book Value
Office furniture	$ 46,064	$ 31,531	$ 14,533
Computer equipment	85,743	58,806	26,937
Computer software	29,057	29,057	-
Vehicles	235,296	159,557	75,739
Site equipment	629,266	330,167	299,099
Buildings and bridges	1,809,478	550,378	1,259,100
Land	13,000	-	13,000
	$ 2,847,904	$ 1,159,496	$ 1,688,408

	November 30, 2010		
	Cost	Accumulated Amortization	Net Book Value
Office furniture	$ 46,064	$ 28,966	$ 17,098
Computer equipment	82,829	51,831	30,998
Computer software	29,057	29,057	-
Vehicles	235,296	137,568	97,728
Site equipment	629,266	277,387	351,879
Buildings	1,809,478	448,288	1,361,190
Land	13,000	-	13,000
	$ 2,844,990	$ 973,097	$ 1,871,893

Mortgage Payable

In October 2008, the Company purchased land and buildings adjacent to its Cassiar property for $385,000 and financed the purchase with a mortgage of $350,000. The mortgage has a four-year term, bears interest at an annual rate of 12% and is payable at $9,217 per month. At August 31, 2011, the principal outstanding was $111,828 (November 30, 2010 - $181,202), of which $102,712 (November 30, 2010 - $93,914) was included in current liabilities.

(In Canadian Dollars and unaudited)

4. MINERAL PROPERTIES

	Cassiar Property	Frasergold Property	Total
Balance, November 30, 2009	$ 31,139,067	$ 9,665,920	$ 40,804,987
Acquisition and maintenance	35,799	-	35,799
Asset retirement obligation recovery	(757,511)	-	(757,511)
Amortization	281,748	-	281,748
Camp and expediting	128,873	604	129,477
Equipment	25,702	-	25,702
Environmental and permits	111,273	5,381	116,654
Assaying and metallurgical	26,759	-	26,759
Geological and geophysics	225,821	400	226,221
Underground	53,589	-	53,589
Professional and consulting	24,648	-	24,648
Stock-based compensation	142,984	-	142,984
Travel	55,575	-	55,575
Vehicle expenses	18,189	-	18,189
Financing and others	33,200	-	33,200
Wages and benefits	668,627	-	668,627
Incurred during the year	1,075,276	6,385	1,081,661
Mining exploration and other tax credits (a)	(1,038,750)	-	(1,038,750)
Recovery from gold concentrates	(107,493)	-	(107,493)
Write-off of mineral property interests	(6,568,100)	(9,672,305)	(16,240,405)
Balance, November 30, 2010	$ 24,500,000	$ -	$ 24,500,000
Acquisition and maintenance	59,303	-	59,303
Asset retirement accretion	5,573	-	5,573
Amortization	176,860	-	176,860
Camp and expediting	138,467	-	138,467
Equipment	22,341	-	22,341
Environmental and permits	36,743	-	36,743
Geological and geophysics	565,133	-	565,133
Professional and consulting	29,734	-	29,734
Stock-based compensation	7,265	-	7,265
Travel	47,319	-	47,319
Vehicle expenses	10,415	-	10,415
Financing and others	19,195	-	19,195
Wages and benefits	345,877	-	345,877
Incurred during the period	1,464,225	-	1,464,225
Balance, August 31, 2011	$ 25,964,225	$ -	$ 25,964,225

Certain government authorities provide incentives to encourage mineral property exploration and development in their jurisdictions. Such incentives include the reimbursement of expenditures to the Company's qualifying activities. Reimbursements are subject to review and approval by government authorities on a specific expenditure basis and are recorded as a reduction of the related mineral expenditure or as a recovery of the related expense when the Company is advised that such reimbursement will be made to the Company.

(a) In fiscal year 2010, the Company received a British Columbia mining exploration tax credit ("BCMETC") from Canada Revenue Agency in the amount of $212,255 for reimbursement of certain qualifying exploration expenditures on its Cassiar property. In January 2011, $806,528 was refunded for Cassiar property in connection to the 2009 BCMETC claim. All the exploration tax refunds have been recorded as reductions to the mineral properties.

Cassiar Property, British Columbia

The Cassiar Property is a package of mineral claims located in northern British Columbia, Canada and it hosts a number of gold assets including the fully permitted Table Mountain Gold mine and the Taurus deposit.

Table Mountain

The fully permitted Table Mountain Gold mine is an underground mining project located in northern British Columbia.

Taurus

Pursuant to an option agreement in 2007, the Company could acquire certain mineral claims near Cassiar, British Columbia from American Bonanza Gold Corp. ("Bonanza") in consideration of an aggregate of $6 million over two years. A further $3 million was payable upon completion of a positive feasibility study recommending production, or production, whichever came first. In addition, the Company was required to issue 250,000 common shares to Bonanza on or before December 22, 2008. During 2007 and 2008, a total of $3 million cash payments were issued to Bonanza. On December 23, 2008, the Company signed an amended option agreement and issued 6,750,000 common shares to Bonanza that eliminated all remaining cash and share payments and the Company now owns 100% of the underlying mineral claims.

After an impairment assessment in November 2010, the Company took a write-down of Cassiar property's carrying value to its estimated recoverable amount of $24,500,000.

During the period ended August 31, 2011, the Company carried out an extensive review of the Cassiar property. The review suggests that intensive exploration expenditures are required to prove up the property potential. To mitigate the financial risk, the Company is looking for alternatives for the Cassiar projects such as joint venture and/or acquisition by third parties.

Frasergold Property, British Columbia

In October 2006, the Company entered into an option agreement with Eureka Resources Inc. ("Eureka") to earn up to a 60% interest in the Frasergold property ("Eureka Claims"). In August 2010, the Company completed the termination of the option agreement with Eureka. In connection with the termination of the agreement, the Company transferred to Eureka without further considerations, certain buildings, equipment and improvements on the Eureka Claims and a $50,000 environmental bond on the Frasergold mineral interests. As a result, Frasergold property expenditures of $9,672,305 and reclamation bonds of $50,000 were written off to operations in 2010.

(In Canadian Dollars and unaudited)

Asset Retirement Obligation

A continuity of the asset retirement obligation relating to the mineral properties is as follows:

	August 31, 2011	November 30, 2010	
Asset retirement obligation - beginning balance	$ 188,811	$ 824,951	
Change in estimates	5,573	(757,511)	(1)
Asset retirement obligation recovery	-	(52,020)	
Accretion expense	14,578	173,391	
Asset retirement obligation - ending balance	$ 208,962	$ 188,811	

(1) The Company revised its estimates from previous year based on new information regarding the expected abandonment date of its properties.

The total undiscounted amount of estimated cash flows required to settle the obligations is $1,141,500, which was adjusted for inflation at the rate of 2% and then discounted at a credit adjusted risk free rate of 10%. Certain minimum amounts of asset retirement obligation will occur each year with the significant amounts to be paid on abandonment of the mineral property interests estimated in 2029. At August 31, 2011, the Company has $314,444 (November 30, 2010 - $309,444) of reclamation bonds with the Ministry of Natural Resources, British Columbia as commitments to meet its regulatory obligations.

5. SHARE CAPITAL

a) Common Shares

Authorized - unlimited number of common shares without par value

Issued – the following common shares were issued and outstanding:

	Nine months ended August 31, 2011		*Year ended November 30, 2010*	
	Number of Shares	Amount $	Number of Shares	Amount $
Common shares				
Balance, beginning of period	121,191,450	42,038,552	77,244,003	34,520,999
Private placements	68,681,818	7,555,000	43,357,525	8,735,045
Shares issued for finder's fee	-	-	589,922	117,985
Less:				
- Cash share issue costs	-	(77,185)	-	(394,843)
- Non-cash share issue costs	-	-	-	(501,810)
- Tax benefits renounced to subscribers	-	-	-	(438,824)
Balance, end of period	189,873,268	49,516,367	121,191,450	42,038,552

b) Private Placement

On March 23, 2011, the Company closed the second tranche of the private placement announced in October 2010 and issued 68,681,818 common shares at the price of $0.11 per share for gross proceeds of $7,555,000. The first tranche was completed in November 2010.

(In Canadian Dollars and unaudited)

c) Share Purchase Warrants

The following summarizes the outstanding share purchase warrants enabling holders to purchase the Company's common shares as at August 31, 2011:

	Number of warrants		Weighted average exercise price	
Balance, November 30, 2009	13,692,161	$	0.64	
Issued	7,894,874	$	0.40	
Expired	(4,161,638)	$	(1.19)	
Balance, November 30, 2010	17,425,397	$	0.40	
Expired	(10,255,997)	$	0.40	
Balance, August 31, 2011	7,169,400	$	0.39	(1)

(1) Subsequently expired.

d) Stock Options

The Company has a stock option plan whereby the maximum number of common shares reserved for issue under the plan shall not exceed 10% of the total number issued and outstanding common shares of the Company as at the date of the grant. The term of all option grants is generally five years to a maximum of ten years. Options granted to investor relations consultants generally have one to two-year terms and are vested over a twelve-month period with 25% vested every three months from the date of grant. Options granted to directors, officers, employees and consultants generally have a five-year term and a vesting period of eighteen months with one-third vested every six months from the date of grant.

The following summarizes the Company's stock options as at August 31, 2011:

	Number of options		Weighted average exercise price
Balance, November 30, 2009	7,288,700	$	0.48
Cancelled	(1,936,700)		(0.64)
Expired	(100,000)		(0.40)
Balance, November 30, 2010	5,252,000	$	0.48
Cancelled	(1,475,000)		0.34
Granted	6,360,000		0.15
Balance, August 31, 2011	10,137,000	$	0.27

(In Canadian Dollars and unaudited)

At August 31, 2011, the following stock options were outstanding:

Number of Options Outstanding	Weighted Average Remaining Contractual Life (Years)		Weighted Average Ex. Price	Number of Options Exercisable	Expiry Date	
237,000	0.05	$	0.28	62,000	September, 2011	(1)
75,000	0.25		0.16	-	November, 2011	
75,000	0.28		0.16	-	December, 2011	
800,000	0.53		0.41	600,000	March, 2012	
500,000	0.65		0.60	500,000	April, 2012	
25,000	0.89		1.60	25,000	July, 2012	
230,000	0.99		0.16	-	August, 2012	
75,000	1.05		0.16	-	September, 2012	
25,000	1.09		1.60	25,000	October, 2012	
1,115,000	2.59		0.40	1,115,000	April, 2014	
1,800,000	3.03		0.48	1,800,000	September, 2014	
3,080,000	4.61		0.16	-	April, 2016	
2,100,000	4.91		0.12	525,000	July, 2016	
10,137,000	3.35	$	0.29	4,652,000		

(1) Subsequently expired.

e) Stock-based compensation

The fair value of stock options granted during the nine months ended August 31, 2011 has been calculated using the Black-Scholes option pricing model with the following assumptions:

Weighted average:		2011		2010
Expected life (years)		5		-
Expected stock price volatility		105%		- %
Expected dividend yield		- %		- %
Risk free interest rate		2.19%		- %
Fair value of option	$	0.12	$	-

Option pricing models require the input of highly subjective assumptions including the expected stock price volatility. Changes in assumptions can significantly affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

Stock-based compensation relating to options vested during the period has been recognized in the financial statement as follows:

Nine months ended August 31,		2011		2010
Capitalized in mineral properties	$	7,265	$	142,984
Stock-based compensation expense		326,501		606,130
Total expenses recorded in contributed surplus	$	333,766	$	749,114

(In Canadian Dollars and unaudited)

6. CONTRIBUTED SURPLUS

	Nine months ended August 31, 2011	Year ended November 30, 2010
Balance, beginning of period	$ 9,392,304	$ 8,382,934
Stock-based compensation	333,766	883,643
Valuation of finder's warrants	-	4,282
Valuation of share purchase warrants	-	121,445
Balance, end of period	$ 9,726,070	$ 9,392,304

7. RELATED PARTY TRANSACTIONS

The Company's Beijing administration shares office space, equipment, personnel, professional and administrative services with a related party having a major shareholder in common. In August 2011, the Company entered into a management services agreement with this related party for their services provided in Beijing. Expenses incurred by the management company and use of services are charged at cost-recovery basis. During the nine months ended August 31, 2011, the Company was charged management services fees of $86,187 (2010 - $nil) for its share of personnel and administrative expenses in Beijing. The amounts are due on demand, unsecured and have no terms of repayment.

As at August 31, 2011, included in the current liabilities was $86,187 (November 30, 2010 - $15,900) payable to a related company and a director for their fees and reimbursement of expenses.

The Company's directors and senior officers are considered key management personnel. Their compensation costs for the nine months period ended August 31, 2011 and 2010 are as follows:

	2011	2010
Salaries, consulting and directors' fees	$ 371,216	$ 443,920
Stock-based compensation	212,051	404,663
	$ 583,267	$ 848,583

8. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the nine months ended August 31, 2011 and 2010, not otherwise disclosed in the financial statements are as follows:

	2011	2010
Mineral properties in accounts payable	$ 52,483	$ 255,016
Amortization capitalized to mineral properties	176,860	110,954
Additional asset retirement obligation in mineral properties	5,573	-
Stock-based compensation expense in mineral properties	7,265	142,984
Warrants issued for financings	-	4,282
Loss on disposal of equipment	-	277,289

(In Canadian Dollars and unaudited)

9. COMMITMENTS AND CONTINGENCIES

a) Pursuant to the flow-through common shares issued in December 2009, the Company had a commitment to spending $1,755,295 on qualified expenditures by December 31, 2010. As of December 31, 2010, the flow-through requirement had been fully met.

b) The Company's annual commitments to office leases are as follows:

2011	$ 47,110
2012	156,225
2013	118,662
2014	53,158
	375,155

The above lease commitments include the Company's 50% share of lease obligation of its former office space which has been subleased and a two-year office lease expiring April, 2013.

c) In November 2010, the Company received notice from a vendor for damages on certain contracted equipment in the amount of $109,237. The Company believes this claim to be without merit. At this time, the likelihood of the outcome is not determinable and no liability has been recorded in connection with the claim.

d) In November 2010, the Company received notice from a vendor for outstanding invoices in the amount of $131,410. The Company disagrees with the amount and has accrued $21,667 in accounts payable and accrued liabilities. At this time the likelihood of the outcome is not determinable and no liability has been recorded in connection with the difference of $109,743.

10. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation for the current period.