China Minerals
MINING CORPORATION

(Formerly HAWTHORNE GOLD CORP.)

CONSOLIDATED FINANCIAL STATEMENTS

For the Years Ended

November 30, 2011 and 2010

March 13, 2012

Independent Auditor's Report

To the Shareholders of China Minerals Mining Corporation

We have audited the accompanying consolidated financial statements of China Minerals Mining Corporation, which comprise the consolidated balance sheet as at November 30, 2011 and the consolidated statement of loss and comprehensive loss and deficit and cash flows for the year ended November 30, 2011, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers LLP, Chartered Accountants
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Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of China Minerals Mining Corporation as at November 30, 2011 and its financial performance and its cash flows for the year ended November 30, 2011 in accordance with Canadian generally accepted accounting principles.

Other Matters
The consolidated financial statements of China Minerals Mining Corporation for the year ended November 30, 2010, were audited by another auditor who expressed an unmodified opinion on those statements on March 23, 2011.

PricewaterhouseCoopers LLP

Chartered Accountants

China Minerals Mining Corporation
(Formerly Hawthorne Gold Corp.)
Consolidated Balance Sheets
As at November 30, 2011 and 2010
(Expressed in Canadian Dollars)

	2011	2010
ASSETS		
Current assets		
Cash and cash equivalents	$ 6,814,673	$ 2,230,779
Short-term investments	26,500	-
Other receivables	25,842	966,062
Prepaid expenses	101,693	68,988
Mine supplies inventory	51,282	43,610
	7,019,990	3,309,439
Reclamation bonds (Note 5)	314,444	309,444
Property, plant and equipment (Note 4)	1,647,553	1,871,893
Mineral properties (Note 5)	15,704,295	24,500,000
	$ 24,686,282	$ 29,990,776
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	$ 135,627	$ 464,895
Due to related parties (Note 8)	174,601	15,900
Mortgage payable (Note 4)	87,288	93,914
	397,516	574,709
Mortgage payable (Note 4)	-	87,288
Asset retirement obligation (Note 5)	599,647	188,811
	997,163	850,808
SHAREHOLDERS' EQUITY		
Share capital (Note 6)	49,516,367	42,038,552
Subscriptions received in advance	-	55,000
Contributed surplus (Note 7)	9,770,330	9,392,304
Deficit	(35,597,578)	(22,345,888)
	23,689,119	29,139,968
	$ 24,686,282	$ 29,990,776

Going concern and nature of operations (Note 1)
Commitments and contingencies (Note 11)
Subsequent event (Note 16)

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

Approved on behalf of the Board of Directors:

"Harvey Brooks"
Director

"Ling Zhu"
Director

China Minerals Mining Corporation
(Formerly Hawthorne Gold Corp.)
Consolidated Statements of Loss and Comprehensive Loss and Deficit
For the years ended November 30, 2011 and 2010
(Expressed in Canadian Dollars)

	2011	2010
Administrative expenses		
Accretion of asset retirement obligation	$ 19,439	$ 173,391
Amortization	13,010	43,108
Bank charges and financing interests	13,563	55,200
Filing fees and transfer agent	54,359	39,112
Investor relations	116,197	230,250
Management services fees (Note 8)	167,650	-
Professional and consulting fees	411,693	330,850
Rent and office expenses	478,100	481,301
Salaries and benefits	621,485	688,071
Shareholder information	53,972	95,717
Stock-based compensation	366,403	740,659
Travel expenses	31,349	2,950
Loss before other income (expenses) and income taxes	(2,347,220)	(2,880,609)
Other income (expenses)		
Interest income	83,409	11,279
Loss in foreign exchange	(1,362)	(3,113)
Loss on disposal of equipment	(81,516)	(277,149)
Project investigation	(64,105)	(496,378)
Asset retirement obligation revaluation	-	52,020
Write-off of reclamation bonds	-	(50,000)
Write-down of mineral property interests (Note 5)	(10,840,896)	(16,240,405)
Loss before income taxes	(13,251,690)	(19,884,355)
Future income tax recovery	-	438,824
Loss and comprehensive loss for the year	(13,251,690)	(19,445,531)
Deficit, beginning of the year	(22,345,888)	(2,900,357)
Deficit, end of the year	$ (35,597,578)	$ (22,345,888)
Basic and diluted loss per common share	(0.08)	(0.23)
Weighted average number of common shares outstanding	168,264,924	84,865,950

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
For the years ended November 30, 2011 and 2010
(Expressed in Canadian Dollars)

	2011	2010
Operating activities		
Loss for the year	$ (13,251,690)	$ (19,445,531)
Items not involving cash:		
Accretion of asset retirement obligation	19,439	173,391
Amortization	13,010	43,108
Asset retirement obligation revaluation	-	(52,020)
Stock-based compensation	366,403	740,659
Loss from disposal of equipment	81,516	277,149
Write-off of reclamation bonds	-	50,000
Write-down of mineral property interests (Note 5)	10,840,896	16,240,405
Future income tax recovery	-	(438,824)
	(1,930,426)	(2,411,663)
Net changes in non-cash working capital		
Other receivables and prepaid expenses	90,287	(678,156)
Mine supplies inventory	(7,672)	118,658
Accounts payable and accrued liabilities	(209,814)	(217,247)
Due to related parties	158,701	(33,025)
Cash used in operating activities	(1,898,924)	(3,221,433)
Investing activities		
Property, plant and equipment	(102,025)	(94,005)
Mineral properties	(717,558)	(1,902,328)
Short-term investments	(26,500)	-
Proceeds from sale of mineral property equipment	-	85,000
Cash used in investing activities	(846,083)	(1,911,333)
Financing activities		
Proceeds from shares issued, net of issuance costs	7,422,815	8,137,104
Repayment of loans payable to related parties	-	(662,682)
Repayment of mortgage	(93,914)	(83,344)
Repayment of capital lease	-	(182,561)
Cash provided by financing activities	7,328,901	7,208,517
Increase in cash	4,583,894	2,075,751
Cash, beginning of the year	2,230,779	155,028
Cash, end of the year	$ 6,814,673	$ 2,230,779
Supplementary cash flow disclosure		
Interest paid	$ 16,690	$ 42,939

Supplemental disclosure with respect to cash flows (Note 9).

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 consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to continue its operations for the foreseeable future and meet its obligations and commitments in the normal course of business. At November 30, 2011, the Company had an accumulated deficit of $35,597,578 (2010 - $22,345,888) and no source of revenue and operational cash flows. The ability of the Company to continue as a going concern is dependent upon the recoverability of the carrying values of its mineral property interests, the discovery of economically recoverable reserves and its ability to raise the necessary financing to successfully complete the exploration and development of its properties into profitable operation. Although the Company has been successful in prior years in raising capital requirements, there can be no assurance that it will have continual access to the financing market in the future or such financing will be on reasonable commercial terms to the Company. As of November 30, 2011, the Company has cash reserves of $6,814,673 to meet its operational requirements in the coming fiscal year.

2. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") using the following significant accounting policies.

a) Basis of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, Cassiar Gold Corp. ("Cassiar"). All intercompany transactions and balances have been eliminated.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash held in the Company's checking account of $0.23 million at major Canadian financial institutions and highly liquid guaranteed investment certificates of $6.58 million that are readily available to the Company on demand and with maturity dates of three months or less from the date of purchase.

c) Short-term investments

Short-term investments are investments in money market instruments with maturities greater than three months but less than a year and recorded at the lower of cost or fair market value.

d) Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated amortization and any impairment charges. Amortization expenses of assets used in exploration are capitalized to mineral properties. Amortization is recorded over the economic useful lives of the assets on the declining balance basis at the following annual rates:

Office furniture	20%
Computer equipment	30%
Computer software	100%
Vehicles	30%
Site equipment	20%
Buildings and bridges	10%

e) Mineral properties

The Company capitalizes all costs related to acquisition, exploration and development of mineral properties on a project-by-project basis. If economically recoverable reserves are developed, capitalized costs of the related property are reclassified as mining assets and amortized using the unit-of-production method. When an unproven mineral interest is abandoned, all related costs are written off to operations for the period. If it is determined that the carrying amount of a mineral property is impaired, that property will be written down to its estimated net realizable value.

The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

f) Asset retirement obligation ("ARO")

Asset retirement obligation applies to statutory, contractual or legal obligations connected with the retirement of long-lived tangible assets. The Company recognizes the fair value of its ARO, such as reclamation costs, as a long-term liability when a reasonable estimate of the fair value of the costs to be incurred can be made. A corresponding amount is added to the carrying value of the associated asset and amortized over the asset's useful life. The fair value of the liability is accreted over time through charges to operations. The ARO can increase or decrease due to changes in the estimates of timing of cash flows or changes in the original estimated liability.

g) Impairment of long-lived assets

The Company reviews the carrying values of its mineral property interests as well as its property, plant and equipment on a periodic basis against their fair values on factors such as current market value, future asset utilization and business climate. The Company records an impairment loss in the period when it is determined that the carrying amount of the assets may not be recoverable or is below the net realizable value.

h) Capitalization of financing costs

Financing costs, including interest, are capitalized to costs of mineral properties when the liabilities arising can be attributable to specific exploration projects. Upon commencement of commercial production, financing costs are amortized over the life of the mine.

i) Stock-based compensation

Using the fair value method, the Company recognizes compensation expense to operations and mineral properties for stock options granted to employees and non-employees. The fair value of option grants is established at the date of the grant using the Black-Scholes option pricing model and the compensation amount, equal to the option's fair value, is recognized over the vesting period of the option. Agents' warrants issued in connection with private placements are recorded at their fair value on the date of issue as share issuance costs. On the exercise of stock options and agent warrants, for considerations received share capital is credited and for fair value amounts previously accounted for, contributed surplus is debited.

j) Income taxes

The Company accounts for income taxes under the asset and liability method. Under this method of tax allocation, future tax assets and liabilities are determined based on differences between the financial statement carrying values and their respective income tax basis (temporary differences). Future income tax assets and liabilities are measured using the enacted tax rates expected to be in effect when the temporary differences are likely to reverse. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the year in which the change is enacted or substantively enacted. The amount of future income tax assets recognized is limited to the amount that is more likely than not to be realized.

k) Flow-through shares

The Company has financed its exploration costs partially through the issuance of flow-through shares. Under the Canadian Income Tax Act, a company may issue securities referred to as flow-through shares whereby the Company assigns the tax deductions arising from qualifying resource expenditures to the investors. When resource expenditures are renounced to the investors and the Company has reasonable assurance that the expenditures will be completed, a future income tax ("FIT") liability is recognized and share capital is reduced.

If the Company has sufficient unused tax loss carry forward to offset all or part of this FIT liability and no FIT assets have been previously recognized for these carry forwards, the Company records a FIT recovery in its statement of loss and deficit relating to previously unrecognized FIT assets.

l) Loss per share

The Company uses the treasury stock method to calculate loss per share by taking the loss for the period divided by the weighted average number of common shares outstanding during the period. Using the treasury stock method, the dilutive effect on loss per share is calculated presuming the exercise of outstanding options and warrants

For the years ended November 30, 2011 and 2010, basic and diluted losses per share are the same as the effect of potential issuances of shares under outstanding options or warrants and are proved to be anti-dilutive.

m) Management estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements, and the amount of revenues and expenses reported during the period.

Significant areas requiring the use of management estimates include assessments of recoverability and carrying value of mineral properties, determination of impairment and fair value of property interests, obligations on environmental and reclamation, variables in determining the fair values of stock-based compensation and valuation allowances for future income tax assets. Actual results could differ from these estimates. Factors that could affect these estimates include, but are not limited to, risk factors inherent in the mineral exploration and development, changes in commodity prices, government policies and reclamation requirements.

n) Financial Instruments

Financial assets and liabilities are recognized on the balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale or other financial liabilities. All financial instruments and derivatives are measured in the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net income. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the instrument is derecognized or impaired.

3. International Financial Reporting Standards ("IFRS")

In February 2008, the Canadian Accounting Standards Board mandated that publicly accountable companies are required to prepare their financial statements in accordance with IFRS, replacing Canadian GAAP, for fiscal years beginning on or after January 1, 2011, with early adoption permitted. Accordingly, the Company will issue its first IFRS annual financial statements for the year ended November 30, 2012, with restatement of comparative balance sheets as at November 30, 2011, and December 1, 2010.

The Company has completed diagnostic assessment identifying key differences between Canadian GAAP and IFRS. Areas of impacts of IFRS conversion upon the Company's financial reporting are: exploration costs, impairment of long-lived assets, asset retirement obligation, 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 transitioned to the implementing phase.

4. PROPERTY, PLANT AND EQUIPMENT

	November 30, 2011		
	Cost	Accumulated Amortization	Net Book Value
Office furniture	$ 46,064	$ 32,386	$ 13,678
Computer equipment	85,743	61,422	24,321
Computer software	29,057	29,057	-
Vehicles	99,648	29,462	70,186
Site equipment	495,566	225,464	270,102
Buildings and bridges	1,290,049	40,783	1,249,266
Land	20,000	-	20,000
	$ 2,066,127	$ 418,574	$ 1,647,553

	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

Amortization during the year ended November 30, 2011 amounted to $244,848 (2010 - $324,856), which has been reflected in the financial statements as follows:

	2011	2010
Mineral properties - balance sheet	$ 231,838	$ 281,748
Amortization - statement of operations and deficit	13,010	43,108
Total amortization recognized, credited to accumulated amortization	$ 244,848	$ 324,856

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 November 30, 2011, the principal outstanding was $87,288 (November 30, 2010 - $181,202) and is maturing in September, 2012.

5. 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 revaluation		(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		(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		105,646		-		105,646
Asset retirement obligation revaluation		391,398		-		391,398
Amortization		231,838		-		231,838
Camp and expediting		156,799		-		156,799
Equipment		21,421		-		21,421
Environmental and permits		34,524		-		34,524
Geological and geophysics		566,033		-		566,033
Professional and consulting		37,285		-		37,285
Stock-based compensation		11,623		-		11,623
Travel		51,815		-		51,815
Vehicle expenses		13,020		-		13,020
Financing and others		22,306		-		22,306
Wages and benefits		401,483		-		401,483
Incurred during the year		2,045,191		-		2,045,191
Write-down of mineral property interests		(10,840,896)		-		(10,840,896)
Balance, November 30, 2011	$	15,704,295	$	-	$	15,704,295

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.

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 comprises the Table Mountain gold mine and Taurus gold deposit. It is located in northern British Columbia, Canada.

Table Mountain Gold Mine

Table Mountain is an underground mining project. It has a mill. During the year of 2011, rehabilitation was carried out on the underground access workings.

Taurus Gold Deposit

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.

Measurement Uncertainty

Near the end of the fiscal year ended November 30, 2011, there was a significant decline in the market value of the Company's shares. Management considered this to be an impairment indicator and performed an impairment analysis, based on the Company's in-situ value of resources, exploration expenditures to date and the Company's market capitalization.

As a result of the Company's impairment analysis, the Company took a write-down of the carrying value of the property to its estimated fair value of $15,704,295. Future changes in in-situ values and/or the Company's market capitalization could cause further impairment. Such amounts could be material.

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.

Asset Retirement Obligation ("ARO")

The Company has a future obligation in retiring its mineral assets at the Cassiar Property including dismantling, remediation and treatment of the site. The exact nature and costs of the obligation are subject to change because of the ongoing changes of environmental requirements enacted by government agencies.

The Company prepares estimates of the timing and amount of expected cash flows when an ARO will be incurred. The fair value of the ARO is recognized as a long-term liability and is added to the mineral assets. The fair value of the liability is accreted over the assets' useful lives.

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

	2011	2010	
Asset retirement obligation - beginning balance	$ 188,811	$ 824,951	
Change in estimates	391,397	(757,511)	(1)
Asset retirement obligation recovery	-	(52,020)	
Accretion expense	19,439	173,391	
Asset retirement obligation - ending balance	$ 599,647	$ 188,811	

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

The total undiscounted cash flow estimated to settle the obligations as at November 30, 2011 was $762,945, 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 ARO will occur each year with the significant amounts to be paid in 2014 based on management's current best estimate.

At November 30, 2011, the Company has $314,444 (November 30, 2010 - $309,444) of reclamation bonds with the Ministry of Energy, Mines and Petroleum Services British Columbia as commitments to meet its regulatory obligations.

6. SHARE CAPITAL

a) Common Shares

Authorized - unlimited number of common shares without par value

Issued – the following common shares were issued and outstanding:

		2011		*2010*
	Number of Shares	Amount $	Number of Shares	Amount $
Common shares				
Balance, beginning of year	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 year	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 the prior fiscal year in November 2010.

c) Share Purchase Warrants

The following summarizes the outstanding share purchase warrants enabling holders to purchase the Company's common shares as at November 30, 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	(17,425,397)	$ 0.40
Balance, November 30, 2011	-	$ -

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 November 30, 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	(1,787,000)	0.35
Granted	6,360,000	0.15
Balance, November 30, 2011	9,825,000	$ 0.29

At November 30, 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	
150,000	0.03	0.16	50,000	January, 2012	(1)
800,000	0.28	0.41	666,667	March, 2012	(1)
500,000	0.40	0.60	500,000	April, 2012	
25,000	0.64	1.60	25,000	July, 2012	
230,000	0.74	0.16	76,666	August, 2012	
75,000	0.80	0.16	25,000	September, 2012	
25,000	0.84	1.60	25,000	October, 2012	
1,115,000	2.34	0.40	1,115,000	April, 2014	
1,800,000	2.78	0.48	1,800,000	September, 2014	
3,005,000	4.36	0.16	1,001,667	April, 2016	
2,100,000	4.66	0.12	525,000	July, 2016	
9,825,000	3.20	$ 0.29	5,810,000		

(1) Subsequently expired.

e) Stock-based compensation

The fair value of stock options granted during the year ended November 30, 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	$ 0.15	$ -

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 year has been recognized in the financial statement as follows:

	2011	2010
Capitalized in mineral properties	$ 11,623	$ 142,984
Stock-based compensation expense	366,403	740,659
Total expenses recorded in contributed surplus	$ 378,026	$ 883,643

7. CONTRIBUTED SURPLUS

	2011	2010
Balance, beginning of year	$ 9,392,304	$ 8,382,934
Stock-based compensation	378,026	883,643
Valuation of finder's warrants	-	4,282
Valuation of share purchase warrants	-	121,445
Balance, end of year	$ 9,770,330	$ 9,392,304

8. RELATED PARTY TRANSACTIONS

All transactions with related parties have incurred in the normal course of operations and are measured at their fair values as determined by management. Balances with related parties are non-interest bearing, unsecured and payable on demand.

The Company's Beijing administration shares office space, personnel, professional and administrative services with related parties having a major shareholder in common. During the year ended November 30, 2011, the Company entered into an office lease and a management services agreement with these related parties. Administrative expenses and use of services are charged on a cost-recovery basis. For the year ended November 30, 2011, the Company was charged office rental of $151,040 (2010 - $nil) and management services fees of $167,650 (2010 - $nil). As at November 30, 2011, an outstanding amount of $174,601 (2010 - $15,900) was included in current liabilities payable to these related parties with regard to the office lease and expense reimbursement.

The Company's directors and senior officers are considered key management personnel. Their compensation costs for the year ended November 30, 2011 and 2010 are as follows:

	2011	2010
Salaries, consulting and directors' fees	$ 551,477	$ 544,638
Stock-based compensation	280,289	506,097
	$ 831,766	$ 1,050,735

9. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

The significant non-cash transactions for the year ended November 30, 2011 and 2010, not otherwise disclosed in the financial statements are as follows:

	2011	2010
Mineral properties in accounts payable	$ 18,593	$ 138,047
Amortization capitalized to mineral properties	231,838	281,748
Additional asset retirement obligation in mineral properties	391,398	-
Stock-based compensation expense in mineral properties	11,623	142,984
Shares and warrants issued for financings	-	380,365

10. INCOME TAXES

a) A reconciliation of income taxes (recovery) at statutory rates with the reported taxes is as follows:

	2011	2010
Loss before income taxes	$ (13,251,690)	$ (19,884,355)
Expected income tax recovery	(3,534,226)	(5,691,897)
Write-down of mineral properties	2,891,267	4,679,586
Non-deductible expenses	129,773	186,205
Other temporary difference	(319,624)	
Recognized benefits of non-capital losses	832,810	387,282
Total income tax recovery	$ -	$ (438,824)

b) Details of future income tax assets are as follows:

	2011	2010
Equipment	$ 808,095	$ 651,661
Resource deductions	(2,754,946)	(1,115,296)
Financing costs	282,761	342,246
Asset retirement obligation	(149,912)	
Capital losses available for future periods	-	679,360
Non-capital losses available for future periods	5,586,916	4,686,241
	3,772,914	5,244,212
Valuation allowance	(3,772,914)	(5,244,212)
Net future income tax assets	$ -	$ -

As of November 30, 2011, the Company has non-capital losses for Canadian income tax purposes of approximately $22,347,000 which can be carried forward to reduce taxable income in future years. These tax losses expire at various times between years 2014 and 2031. In addition, the Company has resource deductions available to reduce taxable income of future years. Future tax benefits, which may arise as a result of these losses and resource expenditures, have not been recognized in these financial statements and have been offset by a valuation allowance. A full valuation has been provided because the Company has a history of losses as evidenced by its accumulated deficit.

11. 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

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.

12. SEGMENTED INFORMATION

The Company operates in one reportable operating segment, being the exploration and development of mineral properties. All of the Company's properties and property, plant and equipment are located in Canada.

13. FINANCIAL INSTRUMENTS

a) **Categories of financial assets and financial liabilities**

Under Canadian GAAP, financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale or other financial liabilities.

The carrying values of the Company's financial instruments are classified in the following categories:

Instrument	Category		2011		2010
Cash and cash equivalents	Loans and receivables	$	6,814,673	$	2,230,779
Short-term investments	Loans and receivables		26,500		-
Other receivables	Loans and receivables		25,842		966,062
Accounts payable and accrued liabilities	Other financial liabilities		(135,627)		(464,895)
Due to related parties	Other financial liabilities		(174,601)		(15,900)
Mortgage payable	Other financial liabilities		(87,288)		(181,202)

b) Fair value measurements

Canadian GAAP requires a company's disclosure about fair market value measurements for its financial instruments and liquidity risk using a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurement.

- Level 1 – measurement based on unadjusted quote prices observed in active markets for identical assets or liabilities;
- Level 2 – measurement based on inputs other than quoted prices that are observable for the assets or liabilities;
- Level 3 – measurement based on inputs that are not observable (supported by little or no market activity) for the asset or liability.

The fair values of the Company's other receivables, accounts payable and accrued liabilities, due to related parties and mortgage payable approximate their carrying values, which are the amounts receivable and payable on the consolidated balance sheet dates. The Company's other financial instrument, cash, under the fair value hierarchy, is based on level one quoted prices in active markets for identical assets or liabilities.

14. MANAGEMENT OF FINANCIAL RISKS

The Company is exposed to a variety of financial instrument related risks which are as follows:

Currency risk

The Company's currency risk is minimal and not affected by any exchange rate fluctuations as the Company's exploration and operational activities are primarily in Canada with its reporting currency is also in Canadian dollars.

Credit risk

Exposure to credit risk arises through the failure of a customer or a third party to meet its contractual obligations to the Company. As the Company is still in exploration stage and has not yet generating sales, it is not exposed to credit risk from trade receivables. The Company's receivables are primarily of government input tax credits.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk with an annual budget to identify the timeline of its financial requirements. By monitoring the monthly actual expenditures against the budget, the Company ensures it has the control and flexibility to meet its operating obligations. The financial requirements of the Company are primarily met by equity financing. As at November 30, 2011, the Company has cash resources of about $6.8 million to settle current liabilities of approximately $398,000.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. The Company earns its majority of interest income from short-term investments invested in guarantee investment certificates. Fluctuations in interest rates will have a corresponding effect on the interest income. As the Company's mortgage is at a fixed interest rate for four years with less than a year remaining, management does not believe it is exposed to interest rate risk.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company does not hold any financial instruments that have direct exposure to commodity price movements and volatilities as at November 30, 2011.

15. MANAGEMENT OF CAPITAL RISK

The Company's objectives in managing its capital are to ensure the Company's ability to continue as a going concern to meet its capital expenditures in exploration and development of the mine facilities in the Cassiar property and to maintain a flexible capital structure to optimize the costs of capital with minimal risks. In the management of capital, the Company considers components of shareholder's equity to be capital.

The Company manages its capital structure with ongoing reviews and will modify the structure in light of economic conditions and operating environments. In adjusting its capital structure, the Company may need to issue new shares or debt instruments, bring in joint venture partners or make changes to its strategic investment assets.

To manage its capital, the Company prepares annual capital and operational budgets which are updated as necessary to account for changes the risk factors in the mining industry and economic conditions in the jurisdiction the Company operates.

There were no changes to the Company's approach to capital management during the year ended November 30, 2011. The Company is not subject to externally imposed capital requirements.

16. SUBSEQUENT EVENT

In December 2011, the Company's subsidiary, North American Mining Consulting Ltd. was incorporated and established in Beijing, China under the administration of the Chief Executive Officer.

(Formerly Hawthorne Gold Corp.)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended

November 30, 2011

The following management discussion and analysis of financial position and results of operations ("MD&A") was prepared as of March 15, 2012 and should be read in conjunction with the audited consolidated financial statements of China Minerals Mining Corporation (formerly Hawthorne Gold Corp.) (the "Company"), for the years ended November 30, 2011 and 2010 and related notes thereto, which are prepared in accordance with Canadian generally accepted accounting principles. All amounts included therein and in the following MD&A are expressed in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com. The Company's shares are listed on the TSX Venture Exchange under the symbol "CMV" (formerly "HGC"), and quoted on the Pink Sheets in the United States under the symbol "HWTHF".

FORWARD-LOOKING STATEMENTS

Certain of the statements and information contained in this MD&A that are not historical facts are forward-looking statements within the meaning of National Instrument 51-102 *Continuous Disclosure Obligations* of the Canadian Securities Administrators. Forward-looking statements often are identified by the use of words such as "anticipate", "believe", "plan", "estimate", "expect", "intend", "target" or variations of such words and phrases or state that certain actions, events or results "may", "will", "could", "would", "should", "might" occur or "be achieved".

This MD&A contains forward-looking statements, such as estimates and statements regarding the Company's goals and future plans, including words to the effect that the Company expects a stated result or event to occur. These forward-looking statements are subject to known or unknown risks and uncertainties which could cause actual results or performance of the Company to differ materially from results implied by such forward-looking information. Factors that could cause the actual results to differ include commodity price fluctuations, market capital access, global economy and politics, government regulations, environmental restrictions, exploration results, mineral title disputes, limitation on insurance coverage and availability of consultants delivering timely services, as well as those factors discussed in the section entitled "Risks and Uncertainties" in this MD&A.

Although the Company has attempted to identify important factors that could affect the Company or may cause actual actions, events or results to differ, there may be other causing factors out of the Company's anticipation or estimation. Forward-looking statements contained herein are made as of the date of this MD&A and the Company disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results otherwise. Accordingly, readers are advised not to place undue reliance on forward-looking statements.

DESCRIPTION OF BUSINESS

The Company and its wholly owned subsidiary, Cassiar Gold Corp. ("Cassiar"), are engaged in the exploration and development of mineral properties in British Columbia, Canada. The Company's main assets are the Table Mountain and Taurus gold projects.

The Company has conducted an extensive review of its mineral assets at Table Mountain and Taurus. The evaluation suggests that intensive exploration expenditures are required to prove up the asset potential and to further advance the projects. To mitigate the investment risk, the Company is exploring various alternatives for the mineral properties including joint ventures and acquisition by third parties.

Concurrently, the management has evaluated a number of advanced stage mine development projects and entered into initial negotiations with third parties. The financing of the early developmental work on the selected projects will be from the Company's cash reserves and financial sources that the Company is connected with. Evaluation focus is on advanced stage mineral projects containing precious metals and/or copper, zinc and iron.

MINERAL PROPERTY INTERESTS

China Minerals owns two gold projects located in British Columbia, Canada - the Table Mountain and Taurus projects (known as the Cassiar Gold Camp) - through its subsidiary, Cassiar Gold Corp.

Sable Resources Ltd. has a 2.5 % Net Smelter Return Royalty (NSR) on a group of ten claims on the Taurus project. The claims are Mack 1 to 4, Hopeful 1 to 4, Hillside and Highgrade.

Finley Bakker, P. Geo., the Company's advisor and a Qualified Person as defined by National Instrument ("NI") 43-101, has reviewed and approved the technical information contained in this MD&A.

Cassiar Gold Camp

The Cassiar Gold Camp is located in northern British Columbia. It comprises approximately 58,900 hectares (including two placer claims) of which the Company has 100% interest, and contains the Table Mountain and Taurus gold deposits.

Canadian Mining Geophysical Ltd. was contracted to conduct an airborne geophysical program over the 58,900 hectare Cassiar Gold Camp holdings. In November 2010, the program commenced and was successfully completed in December, 2010. The program covered 5,022 line kilometres. The aerial survey used a geological technology known as ATEM which utilizes a transmitter of over 50,000 amperes square. The final interpretation and report was completed in June 2011.

Table Mountain Gold Project, British Columbia

The Table Mountain project comprises the Cassiar Gold Mine which is a former high grade underground gold operation and surrounding mineral claims south of Highway 37. The mill facility was put under care and maintenance by the previous owners in October 2007 and the Company acquired it in 2008. The Cassiar airstrip is also accessible some 10 kilometres from the mine site.

The Cassiar Gold Mine includes a permitted 270 tonne per day gravity/flotation mill, power plant and tailing impoundment facility as well as 13 adits/portals, approximately 25 kilometres of underground workings, approximately 23 kilometres of surface access roads throughout the property and an assay lab.
The Cassiar mining camp includes an accommodation facility on Highway 37 in Jade City, British Columbia located between the Table Mountain and Taurus projects and will accommodate up to 70 people.

At Table Mountain, the East Bain Zone hosts an indicated resource of 21,471 tonnes at an average grade of 18.02 g/t Au (approximately 12,440 troy ounces of gold) with the Bain Zone containing an additional inferred resource of 19,306 tonnes at an average grade of 31.76 g/t Au (approximately 19,714 troy ounces of gold).

An updated NI 43-101 technical report dated May 18, 2010, titled, "Technical Report on the Table Mountain Property, Liard Mining District, British Columbia", has been prepared by Clifford A. Pearson,
P. Geo and Finley J. Bakker, P. Geo and on May 26, 2010, the report was filed at www.sedar.com.

The purpose of the Technical Report was to review surface diamond drilling work conducted on the Table Mountain Property, review data compilation work, calculate existing NI 43-101 compliant Mineral Resources and define high potential exploration and development targets.

The Technical Report authors reviewed and evaluated the data and calculated an updated mineral resource for the property using 3D mine modeling software named MineSight. The following table provides a summary of the Table Mountain Mineral Resource:

Category	Tonnes	Au g/t	Au cut g/t	Density
Indicated Total	21,471	18.02	16.24	2.70
Inferred Total	65,757	24.30	20.12	2.70

The Company has entered into a Resource Funding Agreement with the First Nation Kaska Dena Council on behalf of the BC Kaska in connection with the continued exploration and development of the Cassiar Gold Camp. Under the Agreement, China Minerals has agreed to provide resource funding to the BC Kaska to contribute to the cost of negotiating a Traditional Knowledge Protocol (the "TK Agreement") and a Socio-Economic Participation Agreement (the "SEPA"). The TK Agreement will assist the parties in establishing the appropriate traditional knowledge protocols for the exploration and development of the Property. The SEPA would include environmental, cultural and socio-economic and business opportunities and benefits for members of the BC Kaska and their businesses.

A feasibility study has not been completed on the Table Mountain property and there is no certainty the disclosed targets will be reached or that the proposed operations will be economically viable.

Taurus Gold Project, British Columbia

The Taurus gold project, an advanced stage exploration and development project, is north of Highway 37 and located approximately eight kilometres from the Cassiar Gold Mine along the main access road to the town of Cassiar, in the Liard Mining Division of northern British Columbia The site of a former underground gold mine operation; the Taurus deposit was explored by previous operators as a potential combination of large tonnage open pit and a high grade underground mine (over 370 drill holes have been completed to date).

The Taurus deposit, located within the Cassiar Gold Camp, hosts an inferred resource of 1.06 million ounces of gold comprising of 33.1 million tonnes at an average capped grade of 0.99 g/t Au using a cut-off grade of 0.50 g/t Au (refer to NI 43-101 technical report titled, "Updated Resource Report on the Taurus Project – Liard Mining District, B.C.," dated March 11, 2009 and prepared by Thomas C. Stubens and Morinus Andre de Ruijter of Wardrop Engineering Incorporated, filed at www.sedar.com on March 11, 2009).

In November 2011, during an impairment assessment of the Cassiar properties, the Company wrote down the properties to their estimated fair value of $15,704,295.

Frasergold Property, British Columbia

The Frasergold Property, optioned from Eureka Resources Inc. ("Eureka") in October 2006, is located in the Caribou Gold Camp, situated in the historic Quesnel Trough area of central British Columbia.

In August 2010, the Company terminated the option agreement with Eureka. Pursuant to the terms of the termination agreement, the Company transferred to Eureka without further considerations, (i) certain claims of the property, (ii) certain buildings, equipment and improvements on Frasergold property, and (iii) a $50,000 environmental bond for the Eureka Claims. As a result, the reclamation bond of $50,000 and capitalized mineral property costs of $9,672,305 were written off to operations in 2010.

SELECTED ANNUAL INFORMATION

The Company's certain selected annual information for the three years is as follows:

	2011	2010	2009
Total revenue	-	-	-
Net loss	$ (13,251,690)	$ (19,445,531)	$ (493,910)
Net loss per share - basic and diluted	(0.08)	(0.23)	(0.01)
Total assets	24,686,282	29,990,776	45,973,809
Total long-term financial liabilities	599,647	276,099	1,006,153
Cash dividends declared per share	-	-	-

The Company's total assets in 2011 have been decreasing from prior two years, as a result of the Company's impairment assessments on its mineral properties. In the third quarter of 2010, the Company terminated its option agreement with Eureka and accordingly wrote off 100% of its mineral interests in the Frasergold property. In the fourth quarter of 2010, the Company's Cassiar gold projects were reduced to its estimated fair value of $24.5 million. During the year ended November 30, 2011, the Cassiar mineral interests were further reduced to its estimated fair value of $15.7 million.

The Company's long term liabilities increased in 2011 from 2010, attributed mainly to management's revised estimates on the asset retirement obligation of its Cassiar properties.

SUMMARY OF QUARTERLY RESULTS

(unaudited)

	2011				2010			
	Nov 30	Aug 31	May 31	Feb 28	Nov 30	Aug 31	May 31	Feb 28
	$	$	$	$	$	$	$	$
Revenue	-	-	-	-	-	-	-	-
Net (loss) income	(11,605,178)	(733,258)	(458,476)	(454,778)	(7,105,005)	(641,579)	(10,935,309)	(763,638)
Net (loss) income per share - basic and diluted	(0.07)	(0.00)	(0.00)	(0.00)	(0.06)	(0.01)	(0.13)	(0.01)

In 2010, the Company implemented various cost-cutting measures through staff downsizing, office relocation and placing its projects on care and maintenance. In the second quarter of 2010, the Company terminated the Eureka option agreement on the Frasergold property and wrote off its costs of $9,672,305 to operations. In the fourth quarter of 2010, the Company further wrote down $6,568,100 on the Cassiar project.

In the last quarter of 2010, the Company raised an equity financing of $2.6 million, first tranche of the $10.1 million private placement. In March 2011, the Company completed the second tranche of the financing with Skyocean Venture Investments Limited ("Skyocean") for gross proceeds of $7.5 million.

Following the completion of the financing with Skyocean in the second quarter of 2011, a new Chief Executive Officer was appointed and an administration was set up in Beijing, China. The increased costs in the last two quarters of 2011 reflected the incremental expenses in connection with the Beijing administration.

Measurement Uncertainty

Near the end of the fiscal year ended November 30, 2011, there was a significant decline in the market value of the Company's shares. Management considered this to be an impairment indicator and performed an impairment analysis, based on the Company's in-situ value of resources, exploration expenditures to date and the Company's market capitalization.

As a result of the Company's impairment analysis, the Company took a write-down of the carrying value of the property to its estimated fair value of $15,704,295. Future changes in in-situ values and/or the Company's market capitalization could cause further impairment. Such amounts could be material.

RESULTS OF OPERATIONS

The Company's main activities for fiscal year 2011 were in the completion of the equity financing with SkyOcean and the resulting reconstitution of the Board of the Company and its executive management and the establishment of an administrative office in Beijing, China.

In terms of mineral property exploration activities, the Company had conducted an aerial geophysical program over its 59,000 hectare Cassiar gold deposit at the beginning of fiscal year 2011. Rehabilitation work was performed at sections of the property's underground workings to allow further access for future exploration and development. In addition, geological consultants and exploration firm were engaged in evaluating and interpreting the Company's geological database for recommendation of a drilling program in 2012 field season.

To further the development of the Cassiar mineral assets, discussions were held with a number of interested parties in the acquisition or joint-venture of the Company's two projects. Those discussions were discontinued at the end of the year due to the debt crisis in the European market.

The Company had carried out due diligence reviews on several merger and acquisition opportunities with offers presented. However, no transactions were consummated.

Net Loss

(Rounded to the nearest thousand ('000))

For the year ended November 30, 2011, the Company recorded a net loss of $13,252,000, compared to a net loss of $19,446,000 for the comparative period in 2010 for a decrease of $6,194,000. Excluding the write-off of mineral property interests of $10,841,000 in 2011 and $16,240,000 in 2010, the net loss in 2011 was decreased by $794,000.

Expenses

Administrative expenses for the year ended November 30, 2011 were $2,347,000 compared to $2,880,000 for the same period in 2010. Excluding non-cash expenses for stock-based compensation (2011 - $366,000; 2010 - $741,000), amortization (2011 - $13,000; 2010 - $43,000) and accretion (2011 – $19,000; 2010 – $173,000), the administrative expenses for 2011 and 2010 were $1,949,000 and $1,923,000 respectively.

The overall administrative (cash) expenses increased due to the setup of an administration in Beijing, China after the completion of the equity financing in second quarter of 2011, offset partially by cost-cutting in: investor relations (2011 – $116,000; 2010 – $230,000), Vancouver office expenses (2011 – $146,000; 2010 - $197,000) and salaries and benefits (2011 - $621,000; 2010 - $688,000).

Areas of increased expenditures in fiscal year 2011 over 2010 are: professional and consulting fees (2011 - $412,000; 2010 - $331,000), filing fees and transfer agent (2011 - $54,000; 2010 - $39,000) and management services (2011 - $168,000; 2010 - $nil). Increased professional and consulting fees are primarily attributable to increases in directors' fees and compensation to senior management through their consulting firms. Filing fees were higher for 2011 as a result of the regulatory filings on the equity financing and appointments of directors and officers. Management services fees are related to the Beijing administration and its contracted administrative services of a related party. See "Transaction with Related Party".

Other income (expenses)

Interest income was increased by $72,000 during the year ended November 30, 2011 compared with fiscal 2010 mainly due to increased cash and cash equivalents during the year following the completion of the private placement in March 2011.

LIQUIDITY AND CAPITAL RESOURCES

At November 30, 2011, the Company's cash and cash equivalents was $6,815,000 compared with $2,231,000 at November 30, 2010. The increase is mainly a result of the completion of the second tranche of 2010 private placement in 2011 for gross proceeds of $7,500,000. The completed financing has increased the Company's working capital to $6,623,000 at November 30, 2011 compared to $2,735,000 at November 30, 2010.

The Company used $1,899,000 of its cash on operating activities during the year ended November 30, 2011 compared with $3,221,000 for the same period in prior year. The decreased cash outlays in the 2011 operating expenses were a result of cash refund of $926,000 from 2010 BC mineral exploration tax credit.

In the investing activities for the year ended November 30, 2011, the Company expended $718,000 of its cash on the mineral properties as compared to $1,902,000 for the same period in 2010. The 2011 expenditures were mainly relating to the airborne geophysical survey, and rehabilitation programs at the Cassiar Gold's Bain and Cusac portals.

The Company's financing activities raised $7,423,000 (net of issuance costs of $77,000) from the private placement closed in March 2011, compared with $8,137,000 raised in the same period of 2010. Principal payments of $94,000 and $83,000 for the years 2011 and 2010, respectively, were made to the mortgage payable on the Cassiar property.

To keep the Company's mineral claims in good standing and to continue having the rights to the mineral interests of the properties, the Company has obligations to make cash payments to the government and/or underlying mineral interest owners and to fulfill work program expenditures.

In addition to the mineral claim obligations, the Company has office lease commitments on base rents: 2012 - $156,000, 2013 - $119,000 and 2014 - $53,000.

Included in the Company's liabilities at November 30, 2011 was an $87,000 mortgage maturing in September 2012 relating to land and certain infrastructure facilities at the Cassiar Gold Camp.

In January 2012, the Company has engaged exploration consultants to evaluate its gold projects at Cassiar Gold Camp in the planning of an exploration program for 2012 summer. The funding of the exploration activities will be expected to be covered by the Company's existing cash reserves.

The Company's continual operations are dependent on management's ability to raise required capital through future equity issuances, debt financings and/or from strategic shareholders. There can be no assurance that such financing will be available and on terms favourable to the Company.

CHANGE OF COMPANY NAME

On April 5, 2011, upon the closing of the private placement with Skyocean Venture Investment ("Skyocean"), the Company's name was changed from Hawthorne Gold Corp. to China Minerals Mining Corporation and its share trading symbol has also been changed from "HGC" to "CMV".

CHANGES OF DIRECTORS AND OFFICERS

In December 2010, Mr. Donald Siemens resigned as a director of the Company and Dr. Shijia Tang was appointed in his place.

In March 2011, concurrent with the completion of the private placement with Skyocean, Dale Sketchley stepped down as a director, Michael Beley resigned as the Chairman and Richard Barclay resigned as the President and CEO and took the responsibilities of Executive Vice President; Dr. Shijia Tang was appointed as the CEO and Mr. Jian Zhang as the new Chairman and a director.

In May 2011, Mr. Ling Zhu was appointed as a Director and the CEO replacing Dr. Tang and Mr. David Bo was appointed as a Director and the Chairman replacing Mr. Zhang who remains as a director of the Company. Mr. Cory Kent had also stepped down as a director and Mr. Liang Shi was appointed to fill in the seat. With the new appointments, the board seats have been increased from eight to nine.

In July 2011, the Board of Directors established a Management Committee to direct day-to-day operations of the Company and changed David Bo's office from Chairman to Executive Chairman. The Management Committee comprises David Bo (the Chair), Ling Zhu and Richard Barclay.

SUBSEQUENT EVENTS

In December 2011, the Company's subsidiary, North American Mining Consulting Ltd. was incorporated and established in Beijing, China under the administration of the Chief Executive Officer.

In February 2012, Mr. Richard Barclay had resigned as Executive Vice President, Director and a member of the Management Committee, Mr. Michael Beley as Director and Mr. Jian Zhang as Director and Special Advisor to the Executive Chairman.

RELATED PARTY TRANSACTIONS

The Company's Beijing administration shares office space, personnel, professional and administrative services with related parties having a major shareholder in common. During the year ended November 30, 2011, the Company entered into an office lease and a management services agreement with these related parties. Administrative expenses and use of services are charged on a cost-recovery basis. For the year ended November 30, 2011, the Company was charged office rental of $151,040 (2010 - $nil) and management services fees of $167,650 (2010 - $nil).

As at November 30, 2011, an outstanding amount of $174,601 (2010 - $15,900) was included in current liabilities payable to these related parties in regards to the office lease and expenses reimbursement.

The Company's directors and senior officers are considered key management personnel. Their compensation costs for the nine months period ended November 30, 2011 and 2010 are as follows:

	2011	2010
Salaries, consulting and directors' fees	$ 551,477	$ 544,638
Stock-based compensation	280,289	506,097
	$ 831,766	$ 1,050,735

OUTSTANDING SHARE DATA

During the year ended November 30, 2011, the Company granted stock options to certain directors, officers, employees and consultants to purchase an aggregate of 6,360,000 common shares of the Company. The options are exercisable from $0.12 to $0.16 per share, have a 5-year term and are vested between 12-month to 18-month period from the date of the grants.

The following table summarizes the Company's share capital as of March 15, 2012:

	Expiry date	Exercise price	Number of securities	Number of shares
Common share issued				189,873,268
Incentive stock options	April to December, 2012	$ 0.16~1.60	855,000	
	January to December, 2014	$ 0.40~0.48	2,915,000	
	January to December, 2016	$ 0.12~0.16	5,105,000	8,875,000
				198,748,268

FINANCIAL INSTRUMENT

Under Canadian GAAP, financial instruments are classified into one of the following five categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale or other financial liabilities.

The carrying values of the Company's financial instruments are classified in the following categories:

Instrument	Category	2011	2010
Cash and cash equivalents	Loans and receivables	$ 6,814,673	$ 2,230,779
Short-term investments	Loans and receivables	26,500	-
Other receivables	Loans and receivables	25,842	966,062
Accounts payable and accrued liabilities	Other financial liabilities	(135,627)	(464,895)
Due to related parties	Other financial liabilities	(174,601)	(15,900)
Mortgage payable	Other financial liabilities	(87,288)	(181,202)

Financial instruments are initially recognized at fair value and financial instruments designated as loans and receivables and other financial liabilities are subsequently measured at amortized cost, with gains and losses recognized in the Statements of Loss in the period the gain or loss occurs.

FINANCIAL RISKS

The Company is exposed to a variety of financial instrument related risks which are as follows:

Currency risk

The Company's currency risk is minimal and not affected by any exchange rate fluctuations as the Company's exploration and operational activities are primarily in Canada with its reporting currency is also in Canadian dollars.

Credit risk

Exposure to credit risk arises through the failure of a customer or a third party to meet its contractual obligations to the Company. As the Company is still in exploration stage and has not yet generating sales, it is not exposed to credit risk from trade receivables. The Company's receivables are primarily of government input tax credits.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company manages liquidity risk with an annual budget to identify the timeline of its financial requirements. By monitoring the monthly actual expenditures against the budget, the Company ensures it has the control and flexibility to meet its operating obligations. The financial requirements of the Company are primarily met by equity financing. As at November 30, 2011, the Company has cash resources of $6.8 million to settle current liabilities of $398,000. Management believes the Company has sufficient liquidity to meet its commitments and operational needs in the coming year.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. The Company earns the majority of its interest income from short-term investments invested in guarantee investment certificates. Fluctuations in interest rates will have a corresponding effect on the interest income. As the Company's mortgage is at a fixed interest rate for four years with less than a year remaining, management does not believe it is exposed to interest rate risk.

Price risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company does not hold any financial instruments that have direct exposure to commodity price movements and volatilities as at November 30, 2011.

INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Publicly accountable companies are 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 Company will adopt the IFRS for its fiscal year beginning December 1, 2011. The first financial report under IFRS will be November 2012, with restatement of comparative balance sheets as at November 30, 2011 and December 1, 2010 and statement of operations for the year ended November 30, 2011.

During the year ended November 30, 2012, the Company will issue interim consolidated IFRS financial statements prepared in accordance with IAS 34 "Interim Financial Reporting" for the periods ended February 28, 2012, May 30, 2012 and August 31, 2012, with restatement of comparative balance sheets as at November 30, 2011 and December 1, 2010 and statements of operations for the comparative periods presented.

The Company has commenced the transition process from Canadian GAAP to IFRS comprising the following four phases:

1) Phase 1 is the scoping and assessment of financial statements identifying key differences between Canadian GAAP and IFRS. A preliminary diagnostic report has been prepared detailing areas of

impact – impairment of long-lived assets, asset retirement obligation, exploration expenditures, stock-based compensation, flow-through shares and future income taxes.

2) Phase 2 involves evaluating new data requirements and identifying sources, preliminary accounting policy selections to determine implementation approach, developing new or updating existing internal controls as well as the analysis of business processes, information technology and data systems based on the diagnostic report.

3) Phase 3 is the application of IFRS 1 "First Time Adoption of IFRS" identifying exemptions and exceptions and compliance requirements. Reconciliations and calculation of an opening IFRS balance sheet for December 1, 2010 will be prepared. It will also include the collection of financial information such as fair values necessary to prepare IFRS-compliant financial statements. IFRS consultant will be monitoring the process to ensure compliance and accuracy. The Company will consider any amendments to IFRS 1 when it prepares its opening IFRS statement of financial position and its interim financial reports for part of the period covered by their first IFRS financial statements.

4) Phase 4 is the post implementation. It will include assessment of the implementation and review of accounting policy compliance. There will be continuous monitoring and updating of IFRS policies and their amendments, such as facilitating ongoing improvement to the IFRS reporting.

IFRS 1 – First Time Adoption

Under IFRS 1, first-time adopters are required to prepare their first IFRS financial statements with the opening balances restated since inception of the entity as if IFRS accounting policies had always been applied. This retrospective application would be costly and impractical.

Recognizing the enormous task, IFRS 1 provides certain relief from the full retrospective application in the form of mandatory and optional exemptions. The objective is to ensure the costs of compliance do not exceed the benefits to users of the financial statements. IFRS 1 has provided 4 mandatory exceptions and 15 optional exemptions from retrospection. The followings are some of the exceptions and exemptions applicable to the Company. This is not, however, a complete list of changes that will result from the transition to IFRS.

Asset Retirement Obligation ("ARO")

Without the IFRS1 exemption, an entity is required to retrospectively recalculate the decommissioning liability (ARO under Canadian GAAP) and the related impact on the cost of the related asset and accumulated amortization. That would be impractical under circumstances. Hence, IFRS 1 permits a first-timer to elect not to comply with the requirement for liabilities incurred before the IFRS transition date. However, the entity will need to recalculate the liability as at the transition date, adjust the amount for a historical risk discount rate, and to estimate the amount when the liability arose. This amount is then added to the asset cost and accumulated amortization adjusted accordingly.

Stock-based Compensation

Under IFRS, graded-vesting approach is used treating each vesting period as a separate stock option grant whereas straight-line method is used under Canadian GAPP. Hence the fair value of each vesting period will differ under IFRS.

Flow-through shares

Flow-through shares are a unique Canadian tax incentive which is the subject of specific guidance under GAAP and there is no equivalent IFRS guidance. Future evaluation will be carried out upon future issuance of IFRS standards.

INTERNAL CONTROL OVER FINANCIAL REPORTING

The Company's management, namely the Chief Executive Officer and Chief Financial Officer, are responsible for establishing and maintaining adequate disclosure control and procedures ("DCP") and internal controls over financial reporting ("ICFR"). The objectives of these controls are to provide reasonable assurance to users of financial reports that material information relating to the Company's financial statements has been disclosed in accordance with regulatory requirements.

Due to the limited staffing of the Company, there is inherent weakness in the DCP system in areas of duty segregation and the lacking of specialized expertise in handling non-routine complex business transactions. To mitigate the risk of potential material misstatement in the financial reporting, the Company's auditors will be engaged to conduct interim reviews of its financial reports in addition to the annual audits. Consultants in special areas such as IFRS will also be contracted.
Any system of ICFR, no matter how well designed and operated, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. The design of any systems of controls is also based in part upon certain assumptions of the likelihood of future events. There can be no assurance that any design will succeed in anticipating all potential future conditions. Accordingly, this inherent limitation may result in risks to the reliability and quality of the interim and annual financial reporting.

The management has assessed the effectiveness of the Company's internal control over its financial reporting as of November 30, 2011 which has been audited by its independent external auditors, PricewaterhouseCoopers LLP and has concluded that there have been no changes in the internal control that have materially affected its effectiveness.

RISKS AND UNCERTAINTIES

Due to nature of the Company's business in mineral exploration and development, it is subject to varied kinds of risks as listed in the following. If any of the described risks occur, the Company's business, operating results and financial position could be adversely affected in a material way.

Exploration Risk

Mineral exploration activities are inherently risky. Few properties that are explored are eventually developed into producing mines. Exploration activities on the Company's two mineral properties have not yet resulted in discoveries of commercial mineralization to take the Company to the producing stage. If there are no further discoveries, the Company may be forced to look for other projects and abandon the existing properties.

Titles to Mining Properties

While the Company exercises due diligence with respect to determining titles to properties it has interests in and claims in good standing, there is no guarantee that titles to such properties will not be challenged. The Company's properties may be subject to prior unregistered agreements or transfers, indigenous or government nd claims. Any of which could result in the total loss of the Company's mineral property interests.

Mineral Resources are Estimates

The mineral resource figures disclosed in the MD&A are estimates only and the Company cannot be certain that specific quantities of gold or other minerals will be realized. These estimates are subject to the assumptions and judgments used in the geological interpretations. Any material changes in the mineralization, grade, metal prices and market conditions could have a serious adverse effect on the economic viabilities of the Company. Until the estimated deposits are mined and processed, the mineral resources and its grades remain estimates only.

Commodity Prices

The Company's future viability depends largely on the movement of the price of gold as the Company's mineral resources are primarily of gold. Gold prices have historically been volatile reacting to conditions beyond the Company's control, including international politics, economic crisis, global production, consumption pattern and speculative activities. A sustaining depressed gold price will be damaging to the Company's continual operation.

Global Economy and Financial Markets

The Company relies on the capital markets to raise equity financings for its exploration activities, operating expenses and business development. The current Euro zone debt crisis has led to serious damages to the global financial system and tightened credit facilities. This has increased difficulties for the Company to access to the financial markets and the resulting higher costs of capital.

Share Price Volatility and Dilution

The European market crisis and the resulting contraction of the capital markets have resulted in a steep drop in the Company's share price. The Company's stock price will continually be affected by such volatile market trends, which may not be necessarily related to the financial condition, underlying assets or prospects of the Company. For the Company's ongoing working capital and exploration activities, it relies on the issuance of common shares However, there is no assurance that additional capital will be available when needed or that if available, the terms of such financing will be favourable to the Company. Any future equity financing will cause dilution to the Company's existing shareholders.

Government and Environmental Regulations

The Company's operations are subject to various regulations governing prospecting, permitting, mine safety, labour standards, explosive storage, reclamation, spills, tailings disposal and any other environmental issues. There is no guarantee that new rules and compliances will not be enacted or existing regulations will not be changed and applied in such a way that they may adversely impact the Company's operations. Environmental legislation has becoming more stringent and penalties are enforced for non-compliance. Compliance with existing and evolving regulations means increasing costs to the Company.

Competition

The Company is in competition with all of its mining counterparts which may have greater financial resources and expertise. It competes with them in the acquisition of quality mineral properties, recruitment of qualified technical and geological employees in addition to the attraction of investors and joint venture partners. All these competitions create uncertainties to the Company's ongoing operations.

Uninsured Hazards

The Company may be subject to liabilities on hazards such as unusual geological conditions during exploration and drilling which cannot be insured against or against which the Company may elect not to insure because of the high premium or for other reasons. Such liability may result in the loss of the Company assets and its insolvency.

Key Personnel

The Company's success is substantially dependent on the performance and striving efforts of its key officers and the Board of Directors. The loss of any of their services could have a material adverse effect on the Company's business.