

Minco Gold Corporation

(An exploration stage enterprise)

Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2013 and 2012

(Unaudited, expressed in Canadian dollars, unless otherwise stated)



MINCO 明科金矿公司

GOLD CORPORATION

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of condensed consolidated interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Minco Gold Corporation have been prepared by, and are the responsibility of, the Company's management. The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

Minco Gold Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

Dr. Ken CAI
President and CEO

Ellen Wei, C.A.
Chief Financial Officer

Vancouver, Canada

August 8, 2013

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Minco Gold Corporation

(An exploration stage enterprise)

Condensed Consolidated Interim Statements of Financial Position

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	June 30, 2013	December 31, 2012
Assets	\$	\$
Current assets		
Cash and cash equivalents (note 3)	1,151,066	263,054
Short-term investment (note 3)	6,250	5,055,480
Marketable securities	-	1,470
Receivables	111,860	78,311
Due from related parties (note 8)	64,584	10,768
Prepaid expenses and deposits	106,529	138,961
	<u>1,440,289</u>	<u>5,548,044</u>
Long-term deposit	51,277	51,277
Property, plant and equipment	206,269	197,269
Equity investment in Minco Silver (note 5)	13,567,265	13,375,407
	<u>15,265,100</u>	<u>19,171,997</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	369,793	372,537
Accounts payable for Changkeng permit (note 4(a))	-	4,610,543
Advance from non-controlling interest (note 4(a))	-	2,474,123
Due to related party (note 8)	1,455,074	1,250,129
	<u>1,824,867</u>	<u>8,707,332</u>
Equity		
Equity attributable to owners of the parent		
Share capital (note 7(a))	41,758,037	41,758,037
Contributed surplus	8,579,046	7,939,681
Accumulated other comprehensive income	753,444	173,246
Deficit	(42,968,590)	(41,831,667)
	<u>8,121,937</u>	<u>8,039,297</u>
Non-controlling interests	5,318,296	2,425,368
Total equity	<u>13,440,233</u>	<u>10,464,665</u>
	<u>15,265,100</u>	<u>19,171,997</u>

Subsequent event (note 11)

Approved by the Board of Directors

(Signed) Malcolm Clay Director

(signed) Robert Callander Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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Condensed Consolidated Interim Statements of Loss

For the three and six months ended June 30, 2013 and 2012

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Exploration recovery (note 4)	(622,293)	-	(622,293)	-
Exploration costs (note 4)	241,109	288,413	512,664	591,302
	(381,184)	288,413	(109,629)	591,302
Administrative expenses				
Accounting and audit	48,746	69,735	80,189	105,641
Amortization	17,422	15,504	32,416	30,882
Consulting	2,349	29,841	25,680	56,924
Directors' fees	12,749	17,000	25,749	31,500
Foreign exchange loss	9,084	5,099	13,732	1,953
Investor relations	20,999	29,454	75,131	91,691
Legal, regulatory and filing	44,835	147,067	83,307	226,305
Office and miscellaneous	72,830	73,546	196,332	118,095
Property investigation	29,264	8,582	60,961	9,235
Salaries and benefits	144,939	147,233	264,546	289,201
Share-based compensation (note 7(b))	325,271	312,043	639,365	527,085
Travel and transportation	18,758	18,638	31,585	37,663
	747,246	873,743	1,528,993	1,526,176
Operating loss	(366,062)	(1,162,156)	(1,419,364)	(2,117,478)
Gain on legal settlements (note 6)	-	-	801,395	-
Unrealized loss on marketable securities	(2,100)	(2,100)	(1,470)	(8,400)
Finance income	29,902	61,568	95,452	101,974
Loss for the period before loss from equity investment and dilution loss	(338,260)	(1,102,688)	(523,987)	(2,023,904)
Share of loss from equity investment in Minco Silver (note 5)	(153,515)	(63,944)	(293,627)	(425,013)
Dilution loss (note 5)	-	-	(291)	(8,040)
Net loss for the period	(491,775)	(1,166,632)	(817,905)	(2,456,957)
Net income (loss) attributable to:				
Shareholders of the Company	(826,767)	(1,170,193)	(1,136,923)	(2,470,820)
Non-controlling interest	334,992	3,561	319,018	13,863
	(491,775)	(1,166,632)	(817,905)	(2,456,957)
Loss per share:				
Basic and diluted	(0.02)	(0.02)	(0.02)	(0.05)
Weighted average number of common shares outstanding				
Basic and diluted	50,348,215	50,348,215	50,348,215	50,348,215

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Minco Gold Corporation

(An exploration stage enterprise)

Condensed Consolidated Interim Statements of Comprehensive Loss

For the three and six months ended June 30, 2013 and 2012

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Net loss for the period	(491,775)	(1,166,632)	(817,905)	(2,456,957)
Other comprehensive loss				
Items that may be reclassified subsequently to profit or loss				
Cumulative translation adjustment from Minco Silver investment	346,154	121,395	485,776	46,268
Exchange differences on translation from functional to presentation currency	103,565	(8,791)	94,422	(4,068)
Total comprehensive loss for the period	(42,056)	(1,054,028)	(237,707)	(2,414,757)
Comprehensive loss attributable to:				
Shareholders of the Company	(377,048)	(1,057,589)	(556,725)	(2,428,620)
Non-controlling interest	334,992	3,561	319,018	13,863
	(42,056)	(1,054,028)	(237,707)	(2,414,757)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Minco Gold Corporation

(An exploration stage enterprise)

Condensed Consolidated Interim Statements of Changes in Equity

For the six months ended June 30, 2013 and 2012

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Attributable to equity owners of the Company							Non-controlling interest \$	Total equity \$
	Number of shares	Share capital \$	Contributed surplus \$	Accumulated other comprehensive income (loss) \$	Deficit \$	Subtotal \$			
Balance - January 1, 2012	50,348,215	41,758,037	6,982,376	256,125	(36,949,896)	12,046,642	2,415,029	14,461,671	
Net income (loss) for the period	-	-	-	-	(2,470,820)	(2,470,820)	13,863	(2,456,957)	
Cumulative translation adjustment	-	-	-	42,200	-	42,200	-	42,200	
Share-based compensation	-	-	527,085	-	-	527,085	-	527,085	
Balance - June 30, 2012	50,348,215	41,758,037	7,509,461	298,325	(39,420,716)	10,145,107	2,428,892	12,573,999	
Balance - January 1, 2013	50,348,215	41,758,037	7,939,681	173,246	(41,831,667)	8,039,297	2,425,368	10,464,665	
Net income (loss) for the period	-	-	-	-	(1,136,923)	(1,136,923)	319,018	(817,905)	
Contribution from non-controlling interest	-	-	-	-	-	-	2,573,910	2,573,910	
Cumulative translation adjustment	-	-	-	580,198	-	580,198	-	580,198	
Share-based compensation	-	-	639,365	-	-	639,365	-	639,365	
Balance - June 30, 2013	50,348,215	41,758,037	8,579,046	753,444	(42,968,590)	8,121,937	5,318,296	13,440,233	

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Minco Gold Corporation
(An exploration stage enterprise)
Condensed Consolidated Interim Statements of Cash Flow
For the six months ended June 30, 2013 and 2012

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Six months ended June 30,	
	2013	2012
	\$	\$
Cash flow provided by (used in)		
Operating activities		
Net loss for the period	(817,905)	(2,456,957)
Adjustments for:		
Amortization	32,416	30,882
Equity loss on investment in Minco Silver	293,627	425,013
Dilution loss	291	8,040
Share-based compensation (note 7(b))	639,365	527,084
Foreign exchange loss	26,231	2,456
Gain from legal settlement	(801,395)	-
Unrealized loss on marketable securities	1,470	8,400
Changes in items of working capital:		
Receivables	(28,206)	(26,526)
Due from related parties (note 8)	248,358	545,619
Prepaid expenses and deposits	35,670	(2,113)
Accounts payable and accrued liabilities	(55,049)	236,161
Accounts payable for Changkeng permit	(4,711,920)	-
Net cash used in operating activities	<u>(5,137,047)</u>	<u>(701,941)</u>
Investing activities		
Proceeds from legal settlement (note 6)	801,395	-
Property, plant and equipment	(27,809)	(12,012)
Short-term investments	5,199,312	-
Net cash generated from (used in) investing activities	<u>5,972,898</u>	<u>(12,012)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>52,161</u>	<u>65,924</u>
Increase (decrease) in cash and cash equivalents	888,012	(648,029)
Cash and cash equivalents - Beginning of period	<u>263,054</u>	<u>6,696,805</u>
Cash and cash equivalents - End of period	<u>1,151,066</u>	<u>6,048,776</u>
Cash paid for income tax	-	-

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Minco Gold Corporation

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2013 and 2012

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

1. General information and liquidity risk

Minco Gold Corporation (“Minco Gold” or the “Company”) was incorporated in 1982 under the laws of British Columbia, Canada as Cap Rock Energy Ltd. The Company changed its name to Minco Gold in 2007. It is an exploration stage company engaged in exploration and evaluating gold-dominant mineral properties and projects in China. The registered office of the Company is 2772 – 1055 West Georgia Street, British Columbia, Canada. The Company has listed its common shares on the Toronto Stock Exchange (“TSX”) under the symbol “MMM”, and the NYSE MKT under the symbol “MGH”.

As at June 30, 2013, Minco Gold owned a 22.02% (December 31, 2012 – 22.02%) equity interest in Minco Silver Corporation (“Minco Silver”).

Liquidity risk includes the risk that the Company cannot meet its financial obligations as they come due. The Company has in place a planning and budgeting process to help determine the funds required to support the Company’s normal operating requirements and its exploration and development plans. As at June 30, 2013, the Company has \$1.2 million cash and short-term investments to fund exploration and general corporate requirement. These funds are held primarily in the Company’s Chinese subsidiaries; therefore, the Company may face delays repatriating funds held in China if at any time the Company needs additional resources to enable it to undertake projects elsewhere in the world. The Company plans on meeting any additional short-term cash requirements through funds advanced from Minco Silver. In addition, the Company could raise funds through the sale of its equity investment in Minco Silver when necessary.

2. Basis of preparation

The condensed consolidated interim financial statements include the accounts of Minco Gold, its wholly-owned Chinese subsidiaries Minco Mining (China) Corporation (“Minco China”), Yuanling Minco Mining Ltd. (“Yuanling Minco”), Tibet Minco Mining Co. Ltd. (“Tibet Minco”) and Huaihua Tiancheng Mining Ltd. (“Huaihua Tiancheng”); its wholly owned Hong Kong subsidiary Minco Resources Limited (“Minco Resources”) and its 51% interest in Guangzhou Mingzhong Mining Co., Ltd. (“Mingzhong”).

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These condensed consolidated interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2012 and our condensed consolidated interim financial statements for the three months ended March 31, 2013, which were prepared in accordance with IFRS as issued by the IASB.

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those applied in the preparation of the condensed consolidated interim financial statements for the three months ended March 31, 2013.

These condensed consolidated interim financial statements were approved by the board of directors for issue on August 8, 2013.

Minco Gold Corporation

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2013 and 2012

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

3. Cash and short-term investments

As at June 30, 2013 cash and cash equivalents consisted of cash in banks and short-term deposits denominated in RMB with a maturity term of seven days that can be renewed automatically. The yield on the short-term deposit was 1.48%.

As at June 30, 2013, short-term investments consisted of \$6,250 of cashable guaranteed investment certificates with a term of greater than ninety days but less than one year (December 31, 2012 - \$5,055,480). The yield on the investment was 1.1%.

As at December 31, 2012, short-term investments consisted of \$5,055,480 of cashable guaranteed investment certificates with a term of greater than ninety days but less than one year. The yield on the investment was 3.08%.

	June 30, 2013	December 31, 2012
	\$	\$
Cash and cash equivalents	1,151,066	263,054
Short-term investment	6,250	5,055,480

4. Mineral interests

a) Guangdong - Changkeng

Minco China and Tibet Minco, one of the wholly owned subsidiaries of Minco China, are the controlling shareholders in Mingzhong with a 51% interest collectively.

Mingzhong signed an exploration permit transfer agreement with No. 757 Exploration Team of Guangdong Geological Bureau ("757 Exploration Team") and on January 5, 2008 Mingzhong received the Changkeng exploration permit (the "Changkeng Exploration Permit"). This exploration permit was renewed for a two-year period ending on September 10, 2013. The application process to renew this exploration permit is currently being undertaken.

To acquire the Changkeng Exploration Permit, Mingzhong was required to pay RMB 48 million (\$8.15 million). As at December 31, 2008, the first payment for the Changkeng Exploration Permit to 757 Exploration Team was made in an amount of RMB 19 million (\$3.22 million). The remaining balance of RMB 29 million (\$4.92 million) was settled in May 2013. According to the Supplementary Agreement signed between 757 Exploration Team and Mingzhong, 757 Exploration Team agreed to refund RMB 3.8 million (\$622,293) to Mingzhong for certain exploration costs incurred during the early stage of the Changkeng project. The refunded amount was recorded as an exploration cost recovery during the six months ended June 30, 2013.

On May 16, 2013, Mingzhong completed the process to increase its registered capital by RMB 32 million (\$5.1 million), of which, Tibet Minco paid RMB 16.3 million (\$2.6 million) and the five minority shareholders paid RMB 15.7 million (\$2.5 million). The Company, indirectly through Minco China, continues to own a 51% interest in Mingzhong.

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Notes to the Condensed Consolidated Interim Financial Statements

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4. Mineral interests (continued)

On April 18, 2013, Minco China and 757 Exploration Team entered into a loan agreement in which Minco China agreed to loan RMB 10 million (\$1,641,900) with annual interest rate of 6% to 757 Exploration Team for a two month period ending June 18, 2013. As at June 30, 2013, the loan has been repaid and the Company recorded RMB 65,753 (\$10,683) as interest income during the six months ended June 30, 2013.

Pursuant to the terms of an agreement with Minco Silver, the Company has assigned its right to earn a 51% interest in the Changkeng Silver Mineralization to Minco Silver. As a result, Minco Silver is responsible for 51% of the total costs in relation to the Changkeng Silver Mineralization.

b) Gansu - Longnan

Minco China holds ten exploration permits in the Longnan region of south Gansu province in China. The Longnan region is within the southwest Qinling gold field.

The Longnan project has been divided into three sub-projects according to their geographic distribution, type and potential of mineralization:

- i) Yangshan: including five exploration permits located in the northeast extension of the Yangshan gold belt and its adjacent area;
- ii) Yejiaba: including four exploration permits adjacent to the Guojiagou exploration permit; and
- iii) Xicheng East: including one exploration permit to the east extension of the Xicheng Pb-Zn mineralization belt.

The Company has spent a cumulative total of \$10.1 million of exploration costs on the Longnan project as at June 30, 2013 (December 31, 2012 - \$9.6 million) on exploration costs.

c) Hunan - Gold Bull Mountain

Minco China's wholly owned subsidiary Yuanling Minco owns the Gold Bull Mountain exploration permit. The permit expired on June 28, 2013. The application process to renew this permit is currently being undertaken. The Company expects to receive the renewed exploration permit in August 2013

d) Guangdong - Sihui

Minco China holds an exploration permit in Guangdong Sihui in China. The permit expires on February 3, 2015.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2013 and 2012

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

4. Mineral interests (continued)

The following is a summary of exploration costs (net of recovery) incurred by the Company:

Currently active properties:	Three months ended		Six months ended		Accumulative to June 30, 2013
	2013	June 30, 2012	2013	June 30, 2012	
	\$	\$	\$	\$	\$
Gansu					
- Longnan	237,049	267,556	482,342	555,985	10,066,523
Guangdong					
- Changkeng	(626,765)	13,678	(606,272)	21,580	7,673,005
Hunan					
- Gold Bull Mountain	8,532	7,179	12,657	12,539	2,224,867
Guangdong					
- Sihui	-	-	1,644	1,198	1,644
Total	(381,184)	288,413	(109,629)	591,302	19,966,039

5. Equity investment in Minco Silver Corporation

As at June 30, 2013, the Company owns 13,000,000 common shares of Minco Silver (December 31, 2012 - 13,000,000 common shares) that were acquired in 2004 in exchange for the transfer of the Fuwan property and the silver interest in the Changkeng property.

Comprehensive loss on the investment in Minco Silver is as follows:

	Three months ended		Six months ended	
	2013	June 30, 2012	2013	June 30, 2012
	\$	\$	\$	\$
Dilution loss	-	-	(291)	(8,040)
Equity loss	(153,515)	(63,944)	(293,627)	(425,013)
Cumulative translation adjustment	346,154	121,395	485,776	46,268
Comprehensive income (loss) from investment in Minco Silver	192,639	57,451	191,858	(386,785)

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Notes to the Condensed Consolidated Interim Financial Statements

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(Unaudited, expressed in Canadian dollars, unless otherwise stated)

5. Equity investment in Minco Silver Corporation (continued)

The carrying value and market value of the Minco Silver shares held by the Company and accounted for using the equity basis are as follows:

	June 30, 2013	December 31, 2012
	\$	\$
Carrying value of investment in Minco Silver	13,567,265	13,375,407
Market value of Minco Silver shares	9,490,000	20,150,000

As at June 30, 2013, the Company considered whether there was an objective evidence of impairment in Minco Silver. It is management's judgment that the decline in fair value below cost in the quarter was neither a prolonged decline nor a significant decline given the historic share price volatility of the investee. Accordingly, the Company did not record an impairment in relation to the Minco Silver.

The following is a summary of Minco Silver's balance sheet as at June 30, 2013 and December 31, 2012.

	June 30, 2013	December 31, 2012
	\$	\$
Current assets	66,409,333	66,923,816
Mineral interests	24,721,432	21,012,566
Property, plant and equipment	557,025	572,583
Current liabilities	364,404	512,604
Shareholders' equity	91,323,386	87,996,361

The following is a summary of Minco Silver's income statement for the three and six months ended June 30, 2013 and 2012.

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	\$	\$		
Administrative expenses	828,943	939,416	1,672,784	2,692,809
Net loss for the period	(697,162)	(289,273)	(1,333,457)	(1,922,700)
Other comprehensive income for the period	1,571,999	471,198	2,206,070	209,312
Comprehensive income (loss) for the period	874,837	181,925	872,613	(1,713,388)

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For the three and six months ended June 30, 2013 and 2012

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6. Gain on legal settlement

On December 16, 2010, Minco China entered into an agreement with the 208 Team, a subsidiary of China National Nuclear Corporation, to acquire a 51% equity interest in the Tugurige Gold Project located in Inner Mongolia, China (the "Agreement"). The 208 Team did not comply with certain of its obligations under the Agreement, including its obligation to set up a new entity (the "JV Co") and the transfer of its 100% interest in the Tugurige Gold Project to the JV Co. As a result, Minco China commenced legal action in China seeking compensation.

On March 25, 2013, Minco China settled its claim against the 208 Exploration Team relating to the Agreement for a settlement amount of RMB 14 million (\$2.4 million). The Company received RMB 5 million (\$801,395) of the settlement amount in cash, for which the Company recorded it as a gain on legal settlement during the six months ended June 30, 2013.

The remaining balance of RMB 9 million (\$1,529,338) is expected to be received by the end of 2013. As at June 30, 2013, the RMB 9 million (\$1,529,338) receivable has not been recorded due to uncertainty of collectability. In the event of non-payment of the final settlement amount, Minco China has reserved the right to take further legal action.

7. Share capital

a. Common shares and contributed surplus

Authorized

100,000,000 common shares without par value

b. Stock options

Minco Gold may grant options to its directors, officers, employees and consultants under its stock option plan (the "Stock Option Plan"). The Company's board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options are granted. These options are equity settled.

During the six months ended June 30, 2013, the Company granted stock options for 2,200,000 common shares to various employees, consultants and directors at a weighted exercise price of \$0.45 per common share that vest over an 18-month period from the issuance date.

The maximum number of common shares reserved for issuance under the Stock Option Plan is 15% of the issued and outstanding common shares of the Company.

Minco Gold recorded \$639,365 in stock-based compensation expense for the six months period ended June 30, 2013 (June 30, 2012 - \$527,085).

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2013 and 2012

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7. Share capital (continued)

A summary of the options outstanding is as follows:

	Number outstanding	Weighted average exercise price \$
Balance, January 1, 2012	4,984,000	1.41
Granted	3,095,000	0.59
Forfeited	(823,333)	1.40
Expired	(1,605,000)	0.92
Balance, December 31, 2012	5,650,667	1.11
Granted	2,200,000	0.45
Forfeited	(525,000)	0.94
Cancelled	(270,000)	2.14
Expired	(140,000)	1.44
Balance, June 30, 2013	6,915,667	0.86

<u>Options outstanding</u>			<u>Options exercisable</u>		
Range of exercise prices \$	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number exercisable	Weighted average exercise price \$
0.36 – 0.45	1,270,000	4.46	0.44	356,664	0.45
0.46 – 0.47	1,835,000	4.54	0.46	-	-
0.48 – 0.65	685,000	0.67	0.48	676,667	0.48
0.67 – 0.93	1,736,667	3.68	0.68	1,180,006	0.68
1.44 – 2.14	1,189,000	2.55	2.13	1,189,000	2.13
2.15 – 2.59	200,000	2.51	2.59	200,000	2.59
	6,915,667	3.53	0.86	3,602,337	1.21

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2013 and 2012

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

7. Share capital (continued)

The Company used the Black-Scholes option pricing model to determine the fair value of the options with the following assumptions:

	2013	2012
Risk-free interest rate	1.40% - 1.66%	1.12% - 1.56%
Dividend yield	0%	0%
Volatility	86% - 91%	89% - 95%
Forfeiture rate	25%	28%
Estimated expected lives	5 years	5 years

Option pricing models require the use of subjective estimates and assumptions including the expected stock price volatility. The stock price volatility is calculated based on the Company's historical volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

8. Related party transactions

Shared office expenses

- a) Minco Silver and Minco Gold share offices and certain administrative expenses in Beijing and Minco Silver, Minco Base Metals Corporation ("MBM") and Minco Gold share offices and certain administrative expenses in Vancouver.

At June 30, 2013, the Company has \$1,455,074 due to Minco Silver (December 31, 2012 - \$1,250,129) and consisting of the following:

Amount due from Foshan Minco as at June 30, 2013 of \$1,488,717 (December 31, 2012 - \$1,075,820), representing the expenditures incurred by Minco China on behalf of Foshan Minco and shared office expenses.

Amount due to Minco Silver as at June 30, 2013 of \$2,943,791 (December 31, 2012 - \$2,325,949) representing funds advanced from Minco Silver to Minco Gold to support its operating activities in Canada net of shared head office expenses.

The amounts due are unsecured, non-interest bearing and payable on demand.

The above two amounts will be net settled and accordingly have been presented as a net balance on the consolidated financial statements.

- b) At June 30, 2013, the Company has \$64,584 due from MBM (December 31, 2012 - \$10,768), in relation to shared office expenses. The Company is related to MBM through significant influence of one common director and common management.

The amounts due are unsecured, non-interest bearing and payable on demand.

Minco Gold Corporation

(An exploration stage enterprise)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2013 and 2012

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

8. Related party transactions (continued)

Funding of Foshan Minco

Minco Silver cannot invest directly in Foshan Minco as Foshan Minco is legally owned by Minco China. All funding supplied by Minco Silver for exploration of the Fuwan Project must first go through Minco China via the Company and Minco Resources to comply with Chinese Law. In the normal course of business Minco Silver uses trust agreements when providing cash, denominated in US dollars, to Minco China via the Company and Minco Resources for the purpose of increasing the registered capital of Foshan Minco. Minco China is a registered entity in China however it is classified as being a wholly foreign owned entity and therefore can receive foreign investment. Foshan Minco is a Chinese company with registered capital denominated in RMB and therefore can only receive domestic investment from Minco China. Increases to the registered capital of Foshan Minco must be denominated in RMB.

On August 12, 2011, the Company, Minco Gold and Minco China, entered into a trust agreement in which Minco Gold and Minco China confirmed that they received the US\$10 million and Minco China was required to exchange these US fund into RMB in order to increase Foshan Minco's registered share capital. As at June 30, 2013, all the funds were transferred from Minco China to Minco Yinyuan and Foshan Minco, and this trust agreement was effectively settled.

On May 8, 2013, Minco Silver advanced US\$14 million to Minco China via the Company and Minco Resources in accordance with trust agreement signed on April 30, 2013, in which Minco Silver agreed to advance US\$20 million to Minco China to increase Foshan Minco's registered share capital. As at June 30, 2013, Minco China held the US\$14 million (\$14,736,400) in trust for Minco Silver.

Key management compensation

Key management includes the Company's directors and senior management. This compensation is included in exploration costs, and administrative expenses.

For the three and six-month period ended June 30, 2013 and 2012, the following compensation was paid to key management.

	Three months ended June 30,		Six months ended June 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Cash remuneration	80,249	94,155	159,495	169,216
Share-based compensation	236,379	191,943	483,252	330,635
Total	316,628	286,098	642,747	499,851

The above transactions were conducted in the normal course of business.

Minco Gold Corporation

(An exploration stage enterprise)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2013 and 2012

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

10. Segment reporting (continued)

Segment loss	Six months ended June 30, 2013		
	Canada	China	Total
	\$	\$	\$
Exploration recovery (costs)	(61,720)	171,349	109,629
General and administration costs	(1,165,336)	(363,657)	(1,528,993)
Other income (expenses)	(295,353)	896,812	601,459
Geographic distribution profit (loss)	(1,522,409)	704,504	(817,905)

	Six month ended June 30, 2012		
	Canada	China	Total
	\$	\$	\$
Exploration costs	(105,538)	(485,764)	(591,302)
General and administration costs	(1,231,628)	(294,548)	(1,526,176)
Other income (expenses)	(428,142)	88,663	(339,479)
Geographic distribution loss	(1,765,308)	(691,649)	(2,456,957)

	June 30, 2013		
	Canada	China	Total
	\$	\$	\$
Current assets	246,083	1,194,206	1,140,289
Non-current assets	13,645,157	179,654	13,824,811
Current liabilities	1,543,789	281,078	1,824,867

	December 31, 2012		
	Canada	China	Total
	\$	\$	\$
Current assets	212,500	5,335,544	5,548,044
Non-current assets	13,431,101	192,852	13,623,953
Current liabilities	2,408,087	6,299,245	8,707,332

11. Subsequent event

Subsequent to June 30, 2013, Minco Silver advanced the remaining US \$6,000,000 to Minco China via the Company and Minco Resources in accordance with the trust agreement signed on April 30, 2013 in which Minco Silver agreed to advance US \$20 million to Minco China to increase Foshan Minco's registered share capital.