

Minco Gold Corporation

(An exploration stage enterprise)

Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 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

November 12, 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)

	September 30, 2013	December 31, 2012
Assets	\$	\$
Current assets		
Cash and cash equivalents (note 3)	2,167,877	263,054
Short-term investment (note 3)	-	5,055,480
Marketable securities	-	1,470
Receivables	114,994	78,311
Due from related parties (note 8)	56,710	10,768
Prepaid expenses and deposits	135,855	138,961
	<u>2,475,436</u>	<u>5,548,044</u>
Long-term deposit	51,277	51,277
Property, plant and equipment	187,160	197,269
Equity investment in Minco Silver (note 5)	13,051,549	13,375,407
	<u>15,765,422</u>	<u>19,171,997</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	218,658	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)	3,521,136	1,250,129
	<u>3,739,794</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	8,791,503	7,939,681
Accumulated other comprehensive income	600,248	173,246
Deficit	(44,338,794)	(41,831,667)
	<u>6,810,994</u>	<u>8,039,297</u>
Non-controlling interests	5,214,634	2,425,368
	<u>12,025,628</u>	<u>10,464,665</u>
Total equity	<u>15,765,422</u>	<u>19,171,997</u>

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.

Minco Gold Corporation

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Condensed Consolidated Interim Statements of Loss

For the three and nine months ended September 30, 2013 and 2012

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Exploration recovery (note 4)	-	-	(622,293)	-
Exploration costs (note 4)	478,733	359,460	991,396	950,762
	478,733	359,460	369,103	950,762
Administrative expenses				
Accounting and audit	6,820	30,256	87,009	135,897
Amortization	18,002	14,969	50,418	45,851
Consulting	2,240	1,333	27,920	58,257
Directors' fees	13,000	11,500	38,749	43,000
Foreign exchange loss (gain)	(2,450)	(6,842)	11,282	(4,889)
Investor relations	30,946	43,099	106,077	134,790
Legal, regulatory and filing	34,742	25,607	118,049	251,912
Office and miscellaneous	77,505	78,598	273,837	196,693
Property investigation	33,128	1,519	94,089	10,754
Salaries and benefits	136,449	142,908	400,995	432,109
Share-based compensation (note 7(b))	212,457	279,175	851,822	806,260
Travel and transportation	33,400	21,608	64,986	59,271
	596,239	643,730	2,125,233	2,169,905
Operating loss	(1,074,972)	(1,003,190)	(2,494,336)	(3,120,667)
Gain on legal settlement (note 6)	-	-	801,395	-
Gain on sale of exploration permit (note 4(b))	-	443,514	-	443,514
Unrealized income (loss) on marketable securities	-	2,310	(1,470)	(6,090)
Finance income	8,047	39,963	103,499	141,937
Loss for the period before loss from equity investment and dilution loss	(1,066,925)	(517,403)	(1,590,912)	(2,541,306)
Share of loss from equity investment in Minco Silver (note 5)	(329,818)	(502,705)	(623,445)	(927,718)
Dilution loss (note 5)	(77,123)	(272)	(77,414)	(8,312)
	(1,473,866)	(1,020,380)	(2,291,771)	(3,477,336)
Net loss for the period	(1,473,866)	(1,020,380)	(2,291,771)	(3,477,336)
Net loss attributable to:				
Shareholders of the Company	(1,370,204)	(1,024,173)	(2,507,127)	(3,494,992)
Non-controlling interest	(103,662)	3,793	215,356	17,656
	(1,473,866)	(1,020,380)	(2,291,771)	(3,477,336)
Loss per share:				
Basic and diluted	(0.03)	(0.02)	(0.05)	(0.07)
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 nine months ended September 30, 2013 and 2012

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Net loss for the period	(1,473,866)	(1,020,380)	(2,291,771)	(3,477,336)
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss				
Cumulative translation adjustment from Minco Silver investment	(108,775)	(160,254)	377,001	(113,988)
Exchange differences on translation from functional to presentation currency	(44,421)	(9,647)	50,001	(13,715)
Total comprehensive loss for the period	<u>(1,627,062)</u>	<u>(1,190,281)</u>	<u>(1,864,769)</u>	<u>(3,605,039)</u>
Comprehensive loss attributable to:				
Shareholders of the Company	(1,523,400)	(1,194,075)	(2,080,125)	(3,622,695)
Non-controlling interest	(103,662)	3,794	215,356	17,656
	<u>(1,627,062)</u>	<u>(1,190,281)</u>	<u>(1,864,769)</u>	<u>(3,605,039)</u>

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Minco Gold Corporation

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Condensed Consolidated Interim Statements of Changes in Equity

For the nine months ended September 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	-	-	-	-	(3,494,992)	(3,494,992)	17,656	(3,477,336)	
Cumulative translation adjustment	-	-	-	(127,703)	-	(127,703)	-	(127,703)	
Share-based compensation	-	-	806,260	-	-	806,260	-	806,260	
Balance - September 30, 2012	50,348,215	41,758,037	7,788,636	128,422	(40,444,888)	9,230,207	2,432,685	11,662,892	
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	-	-	-	-	(2,507,127)	(2,507,127)	215,356	(2,291,771)	
Contribution from non-controlling interest	-	-	-	-	-	-	2,573,910	2,573,910	
Cumulative translation adjustment	-	-	-	427,002	-	427,002	-	427,002	
Share-based compensation	-	-	851,822	-	-	851,822	-	851,822	
Balance - September 30, 2013	50,348,215	41,758,037	8,791,503	600,248	(44,338,794)	6,810,994	5,214,634	12,025,628	

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Minco Gold Corporation
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Condensed Consolidated Interim Statements of Cash Flow
For the nine months ended September 30, 2013 and 2012

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

	2013	2012
Cash flow provided by (used in)	\$	\$
Operating activities		
Net loss for the period	(2,291,771)	(3,477,336)
Adjustments for:		
Amortization	50,418	45,851
Equity loss on investment in Minco Silver	623,445	927,718
Dilution loss	77,414	8,312
Share-based compensation (note 7(b))	851,822	806,260
Gain on sale of exploration permit	-	(443,514)
Foreign exchange loss	12,094	(6,219)
Gain from legal settlement	(801,395)	-
Unrealized loss on marketable securities	1,470	6,090
Changes in items of working capital:		
Receivables	(32,889)	(26,343)
Due from related parties (note 8)	2,270,673	696,577
Prepaid expenses and deposits	6,242	(8,902)
Accounts payable and accrued liabilities	(202,075)	(244,960)
Accounts payable for Changkeng permit	(4,711,920)	-
Net cash used in operating activities	<u>(4,146,471)</u>	<u>(1,716,466)</u>
Investing activities		
Proceeds from legal settlement (note 6)	801,395	-
Proceeds from sale of mineral interest (note 4(b))	-	443,514
Property, plant and equipment	(29,258)	(12,864)
Short-term investments	5,267,902	(5,074,979)
Net cash generated from (used in) investing activities	<u>6,040,039</u>	<u>(4,644,329)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>11,255</u>	<u>(73,155)</u>
Increase (decrease) in cash and cash equivalents	1,904,823	(6,433,950)
Cash and cash equivalents - Beginning of period	<u>263,054</u>	<u>6,696,805</u>
Cash and cash equivalents - End of period	<u>2,167,877</u>	<u>262,855</u>
Cash paid for income tax	-	-

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

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 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 evaluation of 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 September 30, 2013, Minco Gold owned a 21.92% (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 September 30, 2013, the Company has \$2.2 million cash 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 November 12, 2013.

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3. Cash and short-term investments

As at September 30, 2013 cash and cash equivalents consisted of cash in banks, and short-term deposits denominated in RMB with a maturity term ranging from seven days to three months that can be renewed automatically. The yield on the short-term deposits were between 1.48% and 2.83%.

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%.

	September 30, 2013	December 31, 2012
	\$	\$
Cash and cash equivalents	2,167,877	263,054
Short-term investment	-	5,055,480

4. Mineral interests

a) Guangdong - Changkeng

Minco China and Tibet Minco, a wholly owned subsidiary 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 expired on September 10, 2013. The application document to renew the permit has been submitted to Ministry of Land and Resources. The Company expects to receive the renewed exploration permit in November 2013.

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 a 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 stages of the Changkeng project. The refunded amount was recorded as an exploration cost recovery during the nine months ended September 30, 2013. On July 31, 2013, Mingzhong paid RMB 1.03 million (\$169,669) to 757 Exploration Team for the completed hydro-geological program on the Changkeng Gold Project.

On May 16, 2013, Mingzhong completed the process to increase its registered capital by RMB 32 million (\$5.1 million). As a result, the RMB 15.7 million (\$2.5 million) advances from non-controlling interest were derecognized and recorded as a contribution to non-controlling interest.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2013 and 2012

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

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. The loan has been repaid on the scheduled date and the Company recorded RMB 65,753 (\$10,812) of interest income during the nine months ended September 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 \$10.3 million on exploration costs on the Longnan project as at September 30, 2013 (December 31, 2012 - \$9.6 million).

Minco China entered into two agreements with Fengxian Xin Kun Mining Corporation ("FXKM") in September 2010 and March 2012, respectively, in which the Company agreed to sell two exploration permits in Xicheng East for a total of RMB 2.8 million. During the nine months ended September 30, 2012, the Company received RMB 2.8 million and recognized a gain of \$443,514 upon the receipt of approval from the Ministry of Land and Resources ("MOLAR") for the transfer of legal title to the two exploration permits to FXKM.

c) Hunan - Gold Bull Mountain

Minco China's wholly owned subsidiary Yuanling Minco owns the Gold Bull Mountain exploration permit. The permit expires on June 28, 2015.

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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(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		Nine months ended		Accumulative to September 30, 2013
	September 30,		September 30,		
	2013	2012	2013	2012	
	\$	\$	\$	\$	\$
Gansu					
- Longnan	259,709	324,958	742,046	880,941	10,326,223
Guangdong					
- Changkeng	213,409	30,123	(392,862)	51,705	7,886,415
Hunan					
- Gold Bull Mountain	5,615	3,970	18,275	16,509	2,230,484
Guangdong					
- Sihui	-	409	1,644	1,607	1,644
Total	478,733	359,460	369,103	950,762	20,444,766

5. Equity investment in Minco Silver Corporation

As at September 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		Nine months ended	
	September 30,		September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Dilution loss	(77,123)	(272)	(77,414)	(8,312)
Equity loss	(329,818)	(502,705)	(623,445)	(927,718)
Cumulative translation adjustment	(108,775)	(160,254)	377,001	(113,988)
Comprehensive loss from investment in Minco Silver	(515,716)	(663,231)	(323,858)	(1,050,018)

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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:

	September 30, 2013	December 31, 2012
	\$	\$
Carrying value of investment in Minco Silver	13,051,549	13,375,407
Market value of Minco Silver shares	10,530,000	20,150,000

As at September 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 Minco Silver.

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

	September 30, 2013	December 31, 2012
	\$	\$
Current assets	64,757,621	66,923,816
Mineral interests	25,418,083	21,012,566
Property, plant and equipment	504,742	572,583
Current liabilities	438,774	512,604
Shareholders' equity	90,241,672	87,996,361

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

	Three months ended September 30,		Nine months ended September 30,	
	2013	2012	2013	2012
	\$	\$		
Administrative expenses	1,499,238	2,196,503	3,172,022	4,889,312
Net loss for the period	(1,497,810)	(2,277,968)	(2,831,267)	(4,200,668)
Other comprehensive income (loss) for the period	(493,984)	(725,442)	1,712,086	(516,130)
Comprehensive loss for the period	(1,991,794)	(3,003,410)	(1,119,181)	(4,716,798)

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Notes to the Condensed Consolidated Interim Financial Statements

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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 nine months ended September 30, 2013.

The remaining balance of RMB 9 million (\$1,506,831) is expected to be received by the end of 2013. As at September 30, 2013, the RMB 9 million (\$1,506,831) 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 nine months ended September 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 \$851,822 in stock-based compensation expense for the nine months period ended September 30, 2013 (September 30, 2012 - \$806,260).

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2013 and 2012

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

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	(552,500)	0.95
Cancelled	(270,000)	2.14
Expired	(140,000)	1.44
Balance, September 30, 2013	6,888,167	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	4.21	0.44	423,330	0.44
0.46 – 0.47	1,825,000	4.29	0.46	608,334	0.46
0.48 – 0.65	685,000	0.42	0.48	676,667	0.48
0.67 – 0.93	1,726,667	3.43	0.68	1,726,667	0.68
1.44 – 2.14	1,181,500	2.30	2.13	1,181,500	2.13
2.15 – 2.59	200,000	2.25	2.59	200,000	2.59
	6,888,167	3.27	0.86	4,816,498	1.04

Minco Gold Corporation

(An exploration stage enterprise)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 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%	1.08% - 1.56%
Dividend yield	0%	0%
Volatility	86% - 91%	89% - 95%
Forfeiture rate	24%	27%
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 September 30, 2013, the Company has \$3,521,136 due to Minco Silver (December 31, 2012 - \$1,250,129) and consisting of the following:

Amount due from Foshan Minco as at September 30, 2013 of \$19,290 (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 September 30, 2013 of \$3,540,426 (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 September 30, 2013, the Company has \$56,710 due from MBM (December 31, 2012 - \$10,768), in relation to shared office expenses. The Company is related to MBM through one common director and common management.

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

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For the three and nine months ended September 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 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 September 30, 2013, all the funds were transferred from Minco China to Minco Yinyuan and Foshan Minco, and this trust agreement was effectively settled.

During the nine months ended September 30, 2013, Minco Silver advanced US\$20 million to Minco China via the Company and Minco Resources in accordance with a 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 September 30, 2013, Minco China held the US\$14,288,055 (\$14,733,842) and RMB 35,091,229 (\$5,875,172) 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 nine-month period ended September 30, 2013 and 2012, the following compensation was paid to key management.

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Cash remuneration	92,500	61,405	251,995	230,622
Share-based compensation	155,811	172,486	639,063	503,120
Total	248,311	233,891	891,058	733,742

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

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2013 and 2012

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

9. Fair value measurements

It is required that the classification of fair value measurements uses a fair value hierarchy that reflects the significance of the inputs used in making the measurements, including the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The marketable securities are measured at fair value based on a quoted market price (level 1). Other financial instruments on the balance sheet are not measured at fair value.

Financial instruments that are not measured at fair value on the balance sheet are represented by cash and cash equivalents, receivables, due from related parties, accounts payable and accrued liabilities, and due to related party. The fair values of these financial instruments approximate their carrying values due to their short term nature.

10. Segment reporting

The Company's business of exploration and development of mineral interests is considered as operating in one segment. The geographical division of the Company's assets and net loss is as follows:

Segment loss	Three months ended September 30, 2013		
	Canada	China	Total
	\$	\$	\$
Exploration costs	-	(478,733)	(478,733)
General and administration costs	(441,342)	(154,897)	(596,239)
Other income (expenses)	(406,926)	8,032	(398,894)
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Geographic distribution loss	(848,268)	(625,598)	(1,473,866)

	Three months ended September 30, 2012		
	Canada	China	Total
	\$	\$	\$
Exploration costs	(53,392)	(306,068)	(359,460)
General and administration costs	(485,032)	(158,698)	(643,730)
Other income (expenses)	(496,862)	479,672	(17,190)
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Geographic distribution profit (loss)	(1,035,286)	14,906	(1,020,380)

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2013 and 2012

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

10. Segment reporting (continued)

Segment loss	Nine months ended September 30, 2013		
	Canada	China	Total
	\$	\$	\$
Exploration costs	(52,387)	(316,716)	(369,103)
General and administration costs	(1,606,679)	(518,554)	(2,125,233)
Other income (expenses)	(702,279)	904,844	202,565
Geographic distribution profit (loss)	(2,361,345)	69,574	(2,291,771)

	Nine month ended September 30, 2012		
	Canada	China	Total
	\$	\$	\$
Exploration costs	(158,931)	(791,831)	(950,762)
General and administration costs	(1,716,660)	(453,245)	(2,169,905)
Other income (expenses)	(925,004)	568,335	(356,669)
Geographic distribution loss	(2,800,595)	(676,741)	(3,477,336)

	September 30, 2013		
	Canada	China	Total
	\$	\$	\$
Current assets	374,924	2,100,512	2,475,436
Non-current assets	13,126,019	163,967	13,289,986
Current liabilities	3,575,715	164,079	3,739,794

	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