

Minco Gold Corporation

(An exploration stage enterprise)

Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2012 and 2011

(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.
Interim Chief Financial Officer

Vancouver, Canada

November 08, 2012

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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, 2012	December 31, 2011
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (note 3)	262,855	6,696,805
Short-term investment (note 4)	4,974,191	-
Marketable securities	4,410	10,500
Receivables	73,470	52,618
Due from related parties (note 8(b))	4,924	449,888
Prepaid expenses and deposits	183,721	176,959
	<u>5,503,571</u>	<u>7,386,770</u>
Long-term deposit	51,277	53,127
Property, plant and equipment	207,992	247,860
Equity investment in Minco Silver (note 6)	13,438,998	14,489,016
	<u>19,201,838</u>	<u>22,176,773</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	270,635	521,931
Accounts payable for Changkeng permit (note 5(a))	4,536,316	4,681,156
Advance from non-controlling interest (note 5(a))	2,434,291	2,512,015
Due to related party (note 8(a))	297,704	-
	<u>7,538,946</u>	<u>7,715,102</u>
Equity		
Equity attributable to owners of the parent		
Share capital (note 7(a))	41,758,037	41,758,037
Contributed surplus	7,788,636	6,982,376
Accumulated other comprehensive income	128,422	256,125
Deficit	(40,444,888)	(36,949,896)
	<u>9,230,207</u>	<u>12,046,642</u>
Non-controlling interests	2,432,685	2,415,029
Total equity	<u>11,662,892</u>	<u>14,461,671</u>
	<u>19,201,838</u>	<u>22,176,773</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

(An exploration stage enterprise)

Condensed Consolidated Interim Statements of Income (Loss)

For the three and nine months ended September 30, 2012 and 2011

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

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	\$	\$	\$	\$
Exploration costs	359,460	776,242	950,762	1,416,315
Administrative expenses (note 8)				
Accounting and audit	30,256	46,728	135,897	222,549
Amortization	14,969	18,200	45,851	53,424
Consulting	1,333	25,500	58,257	77,667
Directors' fees	11,500	9,500	43,000	34,500
Foreign exchange gain	(6,842)	(18,284)	(4,889)	(20,505)
Investor relations	43,099	30,721	134,790	301,625
Legal and regulatory	25,607	32,456	251,912	116,690
Office administration expenses	78,598	114,562	196,693	263,189
Property investigation	1,519	38,282	10,754	85,670
Salaries and benefits	142,908	132,263	432,109	360,489
Share-based compensation (note 7(b))	279,175	401,249	806,260	2,042,040
Travel and transportation	21,608	21,163	59,271	53,479
	643,730	852,340	2,169,905	3,590,817
Operating loss	(1,003,190)	(1,628,582)	(3,120,667)	(5,007,132)
Gain on sale of exploration permits (note 5(b))	443,514	-	443,514	-
Unrealized gain(loss) on marketable securities	2,310	(2,100)	(6,090)	(12,600)
Finance income (expense)	39,963	153,193	141,937	(137,603)
Loss for the period before loss from equity investment and dilution gain (loss)	(517,403)	(1,477,489)	(2,541,306)	(5,157,335)
Share of income (loss) from equity investment in Minco Silver (note 6)	(502,705)	52,355	(927,718)	(1,100,959)
Dilution gain (loss) (note 6)	(272)	2,000	(8,312)	8,679,000
Net income (loss) for the period	(1,020,380)	(1,423,134)	(3,477,336)	2,420,706
Net income (loss) attributable to:				
Shareholders of the Company	(1,024,173)	(1,422,162)	(3,494,992)	2,437,360
Non-controlling interest	3,793	(972)	17,656	(16,654)
	(1,020,380)	(1,423,134)	(3,477,336)	2,420,706
Earnings (loss) per share:				
basic and diluted	(0.02)	(0.03)	(0.07)	0.05
Weighted average of common shares outstanding				
basic and diluted	50,348,215	50,318,498	50,348,215	50,190,697

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 Income (Loss)

For the three and nine months ended September 30, 2012 and 2011

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

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	\$	\$	\$	\$
Net income (loss) for the period	(1,020,380)	(1,423,134)	(3,477,336)	2,420,706
Other comprehensive income (loss)				
Cumulated translation adjustment from Minco Silver investment	(160,254)	312,497	(113,988)	314,570
Exchange differences on translation from functional to presentation currency	(9,647)	55,529	(13,715)	41,450
Total comprehensive income (loss) for the period	(1,190,281)	(1,055,108)	(3,605,039)	2,776,726
Comprehensive income (loss) attributable to:				
Shareholders of the Company	(1,194,075)	(1,054,136)	(3,622,695)	2,793,380
Non-controlling interest	3,794	(972)	17,656	(16,654)
	(1,190,281)	(1,055,108)	(3,605,039)	2,776,726

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 Changes in Equity

For the nine months ended September 30, 2012 and 2011

(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, 2011	49,514,882	40,335,033	5,355,953	(63,252)	(37,841,318)	7,786,416	2,444,005	10,230,421	
Net income (loss) for the period	-	-	-	-	2,437,360	2,437,360	(16,654)	2,420,706	
Other comprehensive income	-	-	-	356,020	-	356,020	-	356,020	
Share-based compensation	-	-	2,042,040	-	-	2,042,040	-	2,042,040	
Proceeds on issuance of shares from exercise of options	813,333	1,407,501	(632,484)	-	-	775,017	-	775,017	
Balance - September 30, 2011	50,328,215	41,742,534	6,765,509	292,768	(35,403,958)	13,396,853	2,427,351	15,824,204	
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)	
Other comprehensive loss	-	-	-	(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	

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

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Condensed Consolidated Interim Statements of Cash Flows

For the nine months ended September 30, 2012 and 2011

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

	2012	2011
	\$	\$
Cash flows from operating activities		
Net income (loss) for the period	(3,477,336)	2,420,706
Adjustments for:		
Amortization	45,851	53,424
Equity loss on investment in Minco Silver	927,718	1,100,959
Dilution (gain) loss	8,312	(8,679,000)
Share-based compensation (note 7(b))	806,260	2,042,040
Gain on sale of exploration permit (note 5(b))	(443,514)	-
Foreign exchange (gain) loss	(6,219)	12,623
Unrealized loss on marketable securities	6,090	12,600
Changes in items of working capital:		
Receivables	(26,343)	1,906
Due from related parties	696,577	303,960
Prepaid expenses and deposits	(8,902)	(20,761)
Accounts payable and accrued liabilities	(244,960)	(108,010)
Net cash used in operating activities	<u>(1,716,466)</u>	<u>(2,859,553)</u>
Cash flows from investing activities		
Loan receivable	-	9,122,284
Proceeds from sales of mineral interest	443,514	-
Property, plant and equipment	(12,864)	(14,865)
Short-term investments	(5,074,979)	293,770
Net cash generated from investing activities	<u>(4,644,329)</u>	<u>9,401,189</u>
Cash flows from financing activities		
Repayment to Minco Base Metals	-	(7,601,904)
Advance from minority shareholders	-	1,595,702
Proceeds from stock option exercise	-	775,016
Net cash used in financing activities	<u>-</u>	<u>(5,231,186)</u>
Effect of exchange rate changes on cash	<u>(73,155)</u>	<u>383,739</u>
Increase (decrease) in cash and cash equivalents	(6,433,950)	1,694,189
Cash and cash equivalents - Beginning of period	<u>6,696,805</u>	<u>6,003,832</u>
Cash and cash equivalents - End of period	<u>262,855</u>	<u>7,698,021</u>

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, 2012 and 2011

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

1. General information

Minco Gold Corporation (“Minco Gold” or the “Company”) was incorporated in 1982 under the laws of British Columbia, Canada as Caprock Energy Ltd. Following a number of name changes the Company became 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 Amex Equities (“AMEX”) under the symbol “MGH”.

As at September 30, 2012, the Company owned a 22.02% (December 31, 2011 – 22.15%) equity interest in Minco Silver Corporation (“Minco Silver”), a related party domiciled in Canada.

The Company has \$5.2 million cash and short-term investments which include \$4.5 million in Guangzhou Mingzhong Mining Co., Ltd (“Mingzhong”) to be used for the final payment for the acquisition of the Changkeng exploration permit. The remaining cash balance and short-term investments available to fund exploration and general corporate requirements is \$0.7 million, are held primarily in the Company’s Chinese subsidiaries. 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 or to raise funds through the sale of a portion 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”) and Huaihua Tiancheng Mining Ltd. (“Huaihua Tiancheng”); its wholly owned British Virgin Island subsidiary Triple Eight Mineral Corporation (“Temco”); its wholly owned Hong Kong subsidiary Minco Resource Limited (“Minco Resource”) and its 51% interest in Mingzhong.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed consolidated interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2011, which have been 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 consolidated annual financial statements for the year ended December 31, 2011.

These financial statements were approved by the board of directors for issue on November 08, 2012.

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3. Cash and cash equivalents

As at September 30, 2012 cash and cash equivalents consisted of bank deposits and short-term deposits with a maturity term of seven days that can be renewed automatically. The yield on the short-term deposits was 1.5%.

4. Short-term investments

As at September 30, 2012, short-term investments consist of cashable guaranteed investments. The yields on these investments were between 0.95% to 2.58%.

Included in short-term investments is \$4,536,316 held by Mingzhong to satisfy the remaining amount outstanding for the Changkeng Exploration Permit (note 5(a)).

As at December 31, 2011, short-term investments was \$Nil.

5. Mineral interests

a) Guangdong - Changkeng

Minco China is the controlling shareholder of Mingzhong with a 51% interest.

Mingzhong signed an exploration permit transfer agreement with No. 757 Exploration Team of Guangdong Geological Bureau ("757 Exploration Team") and received the Changkeng exploration permit (the "Changkeng Exploration Permit") on January 5, 2008. This exploration permit was renewed for a two-year period ending on September 10, 2013. To acquire the Changkeng Exploration Permit, Mingzhong was required to pay RMB 48 million (approximately \$7.3 million). As at December 31, 2008, the first payment of RMB 19 million (approximately \$2.9 million) for the Changkeng Exploration Permit was paid to 757 Exploration Team.

In order to pay the remaining RMB 29 million (\$4.5 million), shareholders of Mingzhong agreed to inject capital of RMB 32 million (\$4.96 million). As of September 30, 2012, Minco China paid RMB 16.3 million (\$2.53 million) and the five minority shareholders paid RMB 15.7 million (\$2.43 million). Accordingly, Mingzhong has all of the cash required to settle the remaining payable for the permit.

As two of the shareholders, Guangdong Gold Corporation ("GGC") and Guangdong Geological Exploration and Development Corporation ("GGEDC"), are state-owned companies they need to receive the requisite approval from the Guangdong provincial government's Minister of Finance to increase their share of registered capital in Mingzhong. The funds received from the five minority shareholders are classified as a current liability as at September 30, 2012, pending approval of the capital injection.

The remaining amount payable for the Changkeng Exploration Permit of \$4,536,316 (RMB 29 million) was classified as a current liability as at September 30, 2012.

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

5. Mineral interests (continued)

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;
- 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 \$9.0 million on the Longnan project as of September 30, 2012 (as of December 31, 2011 - \$8.1 million) on exploration costs.

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. As at 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 transfer of legal titles of the two exploration permits to FXKM.

c) Hunan - Gold Bull Mountain

Minco China's wholly owned subsidiary Yuanling Minco owns the Gold Bull Mountain Mining License, which was renewed for a two-year period ending on September 28, 2013.

d) Guangdong - Sihui

Minco China holds an exploration permit in Guangdong Sihui in China. The permit expires on February 3, 2013.

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2012 and 2011

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

5. Mineral interests (continued)

The following is a summary of exploration costs incurred by each project:

	Three months ended September 30,		Nine months ended September 30,		Cumulative to September 30,
	2012	2011	2012	2011	2012
	\$	\$	\$	\$	\$
Longnan Projects	324,958	757,478	880,941	1,368,515	8,985,140
Changkeng Gold Project	30,123	18,764	51,705	47,800	8,217,775
Gold Bull Mountain	3,970	-	16,509	-	2,206,221
Sihui	409	-	1,607	-	1,607
	<u>359,460</u>	<u>776,242</u>	<u>950,762</u>	<u>1,416,315</u>	<u>19,410,743</u>

6. Equity investment in Minco Silver Corporation

As at September 30, 2012, the Company owns 13,000,000 common shares of Minco Silver (December 31, 2011 - 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.

The Company did not participate in the public offering of 7,600,000 common shares at \$5.95 per share concluded by Minco Silver on March 3, 2011. As a result, the Company's ownership interest in Minco Silver decreased to 22.02% as at September 30, 2012.

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

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	\$	\$	\$	\$
Dilution gain (loss)	(272)	2,000	(8,312)	8,679,000
Equity income (loss)	(502,705)	52,355	(927,718)	(1,100,959)
Cumulated translation adjustment	(160,254)	312,497	(113,988)	314,570
Comprehensive income (loss) from investment in Minco Silver	<u>(663,231)</u>	<u>366,852</u>	<u>(1,050,018)</u>	<u>7,892,611</u>

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6. 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 follow:

	September 30, 2012	December 31, 2011
	\$	\$
Carrying value of investment in Minco Silver	13,438,998	14,489,016
Market value of Minco Silver shares	<u>26,000,000</u>	<u>25,870,000</u>

The following is a summary of Minco Silver's balance sheet as of September 30, 2012

	September 30, 2012	December 31, 2011
	\$	\$
Current assets	67,661,080	71,012,927
Mineral interests	19,543,387	17,811,322
Property, plant and equipment	601,229	751,463
Current liability	102,844	968,690
Shareholders' equity	<u>87,702,852</u>	<u>88,607,022</u>

The following is a summary of Minco Silver's income statement for the three and nine months ended September 30, 2012 and 2011.

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
	\$	\$	\$	\$
Administrative expenses (*)	2,196,503	13,471	4,889,312	5,045,700
Net income (loss) for the period	(2,277,968)	215,533	(4,200,668)	(4,548,140)
Other comprehensive income (loss) for the period	(725,442)	1,000,781	(516,130)	1,024,454
Comprehensive income (loss) for the period	<u>(3,003,410)</u>	<u>1,216,314</u>	<u>(4,716,798)</u>	<u>(3,523,686)</u>

(*) Administrative expenses for the three months period ended September 30, 2011 was offset by a foreign exchange gain of \$1,582,106.

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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.

For the nine months ended September 30, 2012, the Company granted options 2,025,000 common shares at a weighted exercise price of \$0.67 that vest over an 18-month period from the issue date to its directors and employees.

Minco Gold recorded \$806,260 in share-based compensation expense for the nine-month period ended September 30, 2012 (September 30, 2011 - \$2,042,040).

A summary of the options outstanding is as follows:

	Number outstanding	Weighted average exercise price \$
Balance, January 1, 2011	4,145,000	0.99
Granted	2,380,000	2.18
Exercised	(833,333)	0.96
Forfeited	(447,667)	2.01
Expired	(260,000)	1.99
Balance, December 31, 2011	4,984,000	1.41
Granted	2,025,000	0.67
Forfeited	(823,333)	1.40
Expired	(1,115,000)	0.89
Balance, September 30, 2012	5,070,667	1.23

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7. Share capital (continued)

Range of exercise prices	Number outstanding	Options outstanding		Options exercisable	
		Weighted average remaining contractual life (year)	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$			\$		\$
0.48 - 0.65	745,000	1.41	0.48	720,000	0.48
0.66 - 0.90	1,840,000	4.49	0.67	613,338	0.67
0.91 - 1.30	556,667	0.45	0.98	556,667	0.98
1.31 - 1.80	140,000	0.54	1.44	140,000	1.44
1.81 - 2.59	1,789,000	3.29	2.19	1,782,333	2.19
	5,070,667	3.06	1.23	3,812,338	1.42

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

	2012	2011
Risk-free interest rate	1.08% - 1.56%	1.07% - 2.56%
Volatility	85% - 95%	85% - 94%
Forfeiture rate	27%	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.

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8. Related party transactions

Shared expenses

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.

- a) At September 30, 2012, the Company has \$297,704 due to Minco Silver (December 31, 2011 – due from Minco Silver of \$429,114) consisting of the following:

Amount due from Foshan Minco Fuwan Mining Co. Ltd. (“Foshan Minco”) as at September 30, 2012 of \$1,655,483 (December 31, 2011 - \$1,167,282), 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, 2012 of \$1,953,187 (December 31, 2011 - \$738,168) 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, 2012, the Company has \$4,924 due from MBM (December 31, 2011 - \$20,774), 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.

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 its Fuwan Project must first go through Minco China via the Company 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 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 June 9, 2011, Minco Silver advanced US\$10 million to Minco China via the Company for the purpose of increasing the registered capital of Foshan Minco.

Minco Gold Corporation

(An exploration stage enterprise)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2012 and 2011

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

8. Related party transactions (continued)

In August, 2011, the Company, Minco Silver and Minco China entered into a trust agreement in which the Company and Minco China confirmed they received the US\$10 million, and Minco China is required to exchange these US fund into RMB in order to increase Foshan Minco's registered share capital on behalf of Minco Silver. Once all the funds are transferred from Minco China to Foshan Minco, the trust agreement is effectively settled and no repayment is expected by Minco Silver from Minco China.

As at September 30, 2012, Minco China held US\$437,276 and RMB 58,890,402 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.

In the three and nine months period ended September 30, 2012 and 2011, the following compensation was paid to key management.

	Three months ended September 30,		Nine months ended September30,	
	2012	2011	2012	2011
	\$	\$	\$	\$
Cash remuneration	61,405	105,625	230,622	339,737
Share-based compensation	172,486	326,710	503,120	1,237,335
Total	<u>233,891</u>	<u>432,335</u>	<u>733,742</u>	<u>1,577,072</u>

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, 2012 and 2011

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

9. Segment reporting

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

Segment income (loss)	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)
Segment loss	(1,035,286)	14,906	(1,020,380)

	Three months ended September 30, 2011		
	Canada	China	Total
	\$	\$	\$
Exploration costs	(100,454)	(675,788)	(776,242)
General and administration costs	(837,074)	(15,266)	(852,340)
Other income	128,705	76,743	205,448
Segment loss	(808,823)	(614,311)	(1,423,134)

	Nine months 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)
Segment loss	(2,800,595)	(676,741)	(3,477,336)

	Nine months ended September 30, 2011		
	Canada	China	Total
	\$	\$	\$
Exploration costs	(368,464)	(1,047,851)	(1,416,315)
General and administration costs	(3,287,937)	(302,880)	(3,590,817)
Other income (expenses)	7,627,547	(199,709)	7,427,838
Segment income (loss)	3,971,146	(1,550,440)	2,420,706

Minco Gold Corporation

(An exploration stage enterprise)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2012 and 2011

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

9. Segment reporting (continued)

Assets and liabilities by segment

	September 30, 2012		
	Canada	China	Total
	\$	\$	\$
Current assets	274,115	5,229,456	5,503,571
Non-current assets	13,495,002	203,265	13,698,267
Current liabilities	45,518	7,493,428	7,538,946

	December 31, 2011		
	Canada	China	Total
	\$	\$	\$
Current assets	258,199	7,128,571	7,386,770
Non-current assets	14,545,540	244,463	14,790,003
Current liabilities	220,724	7,494,378	7,715,102