

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Interim Consolidated Financial Statements

For the three months period ended March 31, 2010 and 2009

(Unaudited)

<u>Index</u>	Page
Notice to Reader	2
Interim Consolidated Financial Statements	
Balance Sheets	3
Statements of Operations and Comprehensive Loss and Deficit	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 15



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 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 interim financial statements of Minco Gold Corporation have been prepared by, and are the responsibility of, the Company's management. The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in Canada, consistent with previous periods.

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 interim financial statements by an entity's auditor.

MINCO GOLD CORPORATION**(An exploration stage enterprise)****Consolidated Balance Sheets***(in Canadian dollars)**(Unaudited)*

	March 31, 2010	December 31, 2009
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,610,145	\$ 3,508,917
Short-term investments (Note 3)	5,476,081	2,475,936
Marketable securities (Note 4)	27,300	35,700
Receivables	337,141	371,576
Due from related parties (Note 10)	406,808	2,229,861
Prepaid expenses and deposits	97,461	85,731
	7,954,936	8,707,721
Long-term deposit	51,764	51,764
Plant, property and equipment	316,949	341,245
Equity investment in Minco Silver (Note 6)	5,058,551	5,494,836
	\$ 13,382,200	\$ 14,595,566
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 5(a))	\$ 4,892,027	\$ 5,203,844
Non-Controlling Interest (Note 7)	2,479,088	2,493,427
SHAREHOLDERS' EQUITY		
Share capital (Note 9(a))	38,904,723	38,553,755
Contributed surplus (Note 9(a))	5,661,884	5,627,841
Deficit	(38,555,522)	(37,283,301)
	6,011,085	6,898,295
	\$ 13,382,200	\$ 14,595,566

*Commitments (Note 11)**See accompanying notes to consolidated financial statements***On behalf of the Board**"Malcolm Clay"Malcolm Clay
Director"Robert Callander "Robert Callander
Director*See accompanying notes to interim consolidated financial statements*

MINCO GOLD CORPORATION**(An exploration stage enterprise)****Consolidated Statements of Operations and Comprehensive Loss and Deficit***(in Canadian dollars)**(Unaudited)*

	Three months period ended March 31,	
	2010	2009
Exploration costs, net of recovery (Note 5)	\$ 213,121	\$ 465,342
Administrative expenses (Note 10)		
Accounting and audit	17,671	61,675
Amortization	25,582	26,749
Consulting	25,348	55,773
Directors' fees	11,000	13,000
Foreign exchange loss (gain)	107,076	(72,065)
Interest	-	2,811
Investor relations	48,081	53,500
Legal	5,035	-
Meals and entertainment	16,100	27,245
Office and miscellaneous	33,481	8,716
Property investigation	11,534	2,519
Regulatory and filing	11,991	13,474
Rent	78,377	73,337
Salaries and benefits	59,778	159,574
Stock-based compensation (Note 9(b))	173,787	153,938
Telephone	10,670	8,832
Travel and transportation	24,355	28,407
	659,866	617,485
Operating loss	(872,987)	(1,082,827)
Other income (loss)		
Write (down) up of marketable securities	(8,400)	4,200
Interest and other income	31,112	26,658
Loss before discontinued operations, non-controlling interest, loss from equity investment and	(850,275)	(1,051,969)
Share of loss from equity investment in Minco Silver (Note 6)	(458,285)	(132,823)
Dilution gain (Note 6)	22,000	-
Non-controlling interest (Note 7)	14,339	-
Loss for the period from continuing operations	(1,272,221)	(1,184,792)
Loss for the period from discontinuing operations (Note 8)	-	(132,176)
Loss and comprehensive loss for the period	(1,272,221)	(1,316,968)
Deficit, beginning of period	(37,283,301)	(37,082,401)
Deficit, end of period	\$ (38,555,522)	\$ (38,399,369)
Loss per share from continuing operations - basic and diluted	\$ (0.03)	\$ (0.02)
Loss per share from discontinuing operations - basic and diluted	\$ -	\$ (0.00)
Weighted average number of common shares outstanding - basic and diluted	43,321,430	42,989,051

See accompanying notes to interim consolidated financial statements

MINCO GOLD CORPORATION
(An exploration stage enterprise)
Consolidated Statements of Cash Flows
(in Canadian dollars)
(Unaudited)

	Three months period ended March 31,	
	2010	2009
Cash used in operating activities		
Net loss from continuing operations for the year	\$ (1,272,221)	\$ (1,316,968)
Adjustment for items not involving cash:		
- amortization of equipment	25,582	28,639
- equity loss on investment in Minco Silver	458,285	132,823
- dilution gain	(22,000)	-
- stock-based compensation	173,787	153,938
- foreign exchange (gain) loss	-	-
- non-controlling interest in loss	14,339	-
- write down of marketable securities	8,400	(4,200)
Change in non-cash working capital items:		
- receivables	34,435	381,628
- due from related parties	1,823,053	(255,325)
- prepaid expenses and deposits	(11,730)	40,725
- accounts payable and accrued liabilities	(344,651)	(104,708)
	887,279	(943,448)
Cash flows from financing activities		
Proceed from exercise of stock options	211,225	148,954
Cash flows from investing activities		
Disposal (acquisition) of equipment	2,871	(68,229)
Short-term investments	(3,000,147)	250,000
	(2,997,276)	181,771
Decrease in cash and cash equivalents	(1,898,772)	(612,723)
Cash and cash equivalents, beginning of period	3,508,917	2,604,411
Cash and cash equivalents, end of period	\$ 1,610,145	\$ 1,991,688
Supplemental cash flow information		
Interest paid	\$ -	\$ 2,811
Income taxes paid	\$ -	\$ -

See accompanying notes to interim consolidated financial statements

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Notes to Consolidated Financial Statements

For the three months period ended March 31, 2010 and 2009

(in Canadian dollars)

(Unaudited)

1. Nature of Operations

Minco Gold Corporation (the “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. The principal business activities include the acquisition, exploration and development of gold properties.

Minco Gold is exploring and evaluating gold mineral properties and projects in the People’s Republic of China (“China”) with the aim of bringing these properties to production. The ability of the Company to meet its commitments as they become payable, the exploration and development of mineral properties and projects, and the underlying value of the mineral properties are entirely dependent upon the existence of economically recoverable reserves, the ability of the Company to arrange appropriate financing to complete the exploration and development of its properties, the receipt of necessary permits and upon achieving future profitable production or receiving proceeds from the disposition of the properties. The timing of such events occurring, if at all, is not yet determinable. The Company is considered to be an exploration stage enterprise as it has not yet generated any revenue from operations.

2. Basis of Presentation

These unaudited financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”) for interim financial information and follow the same accounting policies and methods of application as the most recent audited financial statements of the Company for the year ended December 31, 2009. These interim financial statements do not include all the information and note disclosures required by Canadian GAAP for annual financial statements and therefore should be read in conjunction with the Company’s audited financial statements and the notes thereto for the year ended December 31, 2009. In management’s opinion, all adjustments considered necessary for fair presentation have been included in these financial statements.

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Notes to Consolidated Financial Statements

For the three months period ended March 31, 2010 and 2009

(in Canadian dollars)

(Unaudited)

3. Short-term Investments

As at March 31, 2010, short-term investments consisted of \$5,476,081 of cashable guaranteed investment certificates with terms of greater than ninety days but not greater than one year (December 31, 2009 – \$2,475,936).

4. Marketable Securities

As at March 31, 2010, the Company held 420,000 common shares of Nanika Resources Inc.

5. Mineral Interests

a) Guangdong – Changkeng

Minco China, Minco Gold's wholly owned subsidiary, is the controlling shareholder in Guangzhou Mingzhong Mining Co., Ltd. ("Mingzhong").

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, which expires in September 2011. The value of the exploration permit was RMB 48 million (approximately \$7.3 million).

The initial committed contribution to Mingzhong by the five partners was established at RMB 100 million (\$16.57 million). The contributions will be used to purchase the exploration permit for RMB 48 million (\$7.3 million) and to provide funds for exploration and development of RMB 52 million (\$9.27 million). Minco China is to contribute at a rate of 51% with the other shareholders contributing 49%, as and when funds are required for the purchase of the exploration permit and exploration activities. As at March 31, 2010, RMB 29 million (\$4.8 million) is remained unpaid, of which 49% will be funded by the minority shareholders of Mingzhong.

Changkeng Silver Mineralization

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.

In the year ended December 31, 2009, \$207,710 was recorded as an exploration cost recovery, which represents costs incurred on the Changkeng Silver Mineralization and paid on Minco Silver's behalf by the Company. Minco Silver paid this amount to the Company.

In 2009, the Company and Minco Silver entered into an agreement under the terms of which Minco Silver will pay 30% of the Company's 51% of the cost of the Changkeng permit. Accordingly, in the year ended December 31, 2009, the Company recorded an exploration permit cost recovery of \$1,205,298. As at March 31, 2010, such amount has been fully received by the Company.

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Notes to Consolidated Financial Statements

For the three months period ended March 31, 2010 and 2009

(in Canadian dollars)

(Unaudited)

5. Mineral Interests (continued)

b) Gansu – Longnan

Minco China holds twelve 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:

(1) Yangshan: including five exploration permits located in the northeast extension of the Yangshan gold belt and its adjacent area;

(2) Yejiaba: including four exploration permits adjacent to the Guojiagou exploration permit;

(3) Xicheng East: including three exploration permits to the east extension of the famous Xicheng Pb-Zn mineralization belt;

The Company has spent a cumulative total of \$4.3 million to March 31, 2010 (as of December 31, 2009 - \$4.1 million) on exploration costs.

c) Inner Mongolia - Gobi Gold

The Gobi Gold project is located in Inner Mongolia Autonomous Region, China. Pursuant to a co-operative joint venture agreement signed on March 12, 2004, Minco Gold can earn a 75% interest in the project after spending RMB 18 million (approximately \$2.7 million) over a four-year period ended March 12, 2008. The Damo was formed to hold the above noted mineral interests.

At March 31, 2010, the Company has spent a cumulative total of \$1.9 million (as of December 31, 2009 - \$1.9 million) and earned a 65% (2008- 63%) project interest.

d) Hunan – Gold Bull Mountain

Minco China's wholly owned subsidiary Yuanling Minco owns the Gold Bull Mountain Mining License.

As at March 31, 2010, the Company has incurred a cumulative total of \$2.3 million (as of December 31, 2009 - \$2.3 million) in exploration costs. The Company has determined that as part of its prioritization of its cash management, that the Gold Bull Mountain project will no longer be funded.

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Notes to Consolidated Financial Statements

For the three months period ended March 31, 2010 and 2009

(in Canadian dollars)

(Unaudited)

5. Mineral Interests (continued)

The following is a summary of exploration costs, net of recoveries, incurred by the Company:

	Costs Incurred from January 1 to March 31, 2009	Costs Incurred from January 1 to March 31, 2010	Cumulative Costs Incurred to March 31, 2010
Currently active properties:			
Gansu			
- Longnan	\$ 533,146	\$ 184,515	\$ 4,318,484
Inner Mongolia			
- Gobi Gold	14,212	688	1,976,227
Guangdong			
- Changkeng	124,505	27,856	7,991,678
Hunan			
- Gold Bull Mountain	1,189	62	2,161,739
Total	673,052	213,121	16,448,128
Expensed exploration costs for sold project in current period	107,960	-	2,223,811
Exploration cost recoveries	(207,710)	-	-
Expensed mining license costs	-	-	(358,500)
Expensed exploration permits	-	-	(7,998,214)
Expensed exploration costs	(573,302)	(213,121)	(10,315,225)
Capitalized mining license costs	\$ -	\$ -	\$ -

6. Equity investment in Minco Silver Corporation

As at March 31, 2010, the Company owns 13,000,000 common shares of Minco Silver (2008 and 2007- 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 has not participated in the share offerings of Minco Silver and as a result of dilution and the sale of 1,000,000 shares of Minco Silver in 2007, its ownership interest has decreased to 32.01% at December 31, 2009. During the three months ended on March 31, 2010, the Company's ownership decreased to 31.90% due to the exercise of options by Minco Silver option holders.

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Notes to Consolidated Financial Statements

For the three months period ended March 31, 2010 and 2009

(in Canadian dollars)

(Unaudited)

6. Equity Investment in Minco Silver Corporation (continued)

The Company's equity accounts for its investment in Minco Silver.

Dilution gains and equity losses on the investment in Minco Silver are as follows:

	<u>March 31, 2010</u>	<u>March 31, 2009</u>
Dilution gain in Minco Silver	\$ 22,000	\$ -
Equity loss of Minco Silver	<u>(458,285)</u>	<u>(132,823)</u>
Loss from investment in Minco Silver	<u>\$ (436,285)</u>	<u>\$ (132,823)</u>

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:

	<u>March 31, 2010</u>	<u>December 31, 2009</u>
Investment in Minco Silver on an equity basis	<u>\$ 5,058,551</u>	<u>\$ 5,494,836</u>
Market value of Minco Silver shares owned	<u>\$ 25,870,000</u>	<u>\$ 24,050,000</u>

As at March 31, 2010, Minco Silver had current assets of \$16,362,938, non-current assets of \$9,975,230 (including \$9,779,523 in capitalized mineral interest costs), current liabilities of \$396,159 and shareholders' equity of \$25,942,009. Minco Silver recorded exploration costs of \$Nil, administration costs of \$1,486,102 and a loss of \$1,436,629 during the three months period ended March 31, 2010.

As at December 31, 2009, Minco Silver had current assets of \$11,526,006, non-current assets of \$17,494,393 (including \$9,000,902 in capitalized mineral interest costs), current liabilities of \$2,405,152 and shareholders' equity of \$26,615,247. Minco Silver recorded the exploration costs of \$207,710, administration costs of \$377,770 and a loss of \$549,298 during the three months period ended March 31, 2009.

7. Non-controlling Interest

On May 20, 2009, the loan of RMB 30 million (\$5.53 million) was converted to share capital of Mingzhong. Accordingly, \$2,493,427 was reclassified to minority interests, and the translation difference is recognized in the income statement.

The non-controlling interest for the three months ended March 31, 2010 represents the interest of minority shareholders in Mingzhong.

8. Discontinued Operations

On April 26, 2009, the Company entered into a sale agreement to dispose of its interest in Zhongjia. After completion of all legal requirements and approvals, the Company relinquished all managerial involvement and control to the purchaser on June 30, 2009. Gross proceeds on disposal were RMB 2.46 million (approximately \$0.4 million).

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Notes to Consolidated Financial Statements

For the three months period ended March 31, 2010 and 2009

(in Canadian dollars)

(Unaudited)

9. Share Capital

(a) Common Stock

Authorized: 100,000,000 common shares without par value

Issued:

	Shares	Share Capital	Contributed Surplus
Balance - December 31, 2009	48,157,782	\$ 38,553,755	\$ 5,627,841
Stock-based compensation	-	-	173,787
Stock options exercised	278,333	350,968	(139,744)
Balance - March 31, 2010	48,436,115	\$ 38,904,723	\$ 5,661,884

(b) Stock Options

Minco Gold may grant options to its directors, officers, employees and consultants under its stock option plan. The 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 option granted.

Stock option compensation is expensed over the vesting period of each option. For the three months ended on March 31, 2010, the Company did not grant any stock options to its directors, employees and consultants. The number of common shares reserved for issuance is 5,383,768 based upon option granted and not exercised. The maximum number of common shares reserved for issuance is 10% of the issued and outstanding shares.

Minco Gold recorded \$173,787 in stock based compensation expense in for the three months ended March 31, 2010 (2009 - \$153,938).

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Notes to Consolidated Financial Statements

For the three months period ended March 31, 2010 and 2009

(in Canadian dollars)

(Unaudited)

9 Share Capital (continued)

A summary of the status of options granted by Minco Gold is as follows:

	Number	Weighted Average Exercise Price
Options outstanding at December 31, 2009	5,662,101	\$ 0.93
Exercised	(278,333)	\$ 0.77
Options outstanding at March 31, 2010	5,383,768	\$ 0.94

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (yr)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$0.00 - \$1.06	3,700,101	3.00	\$0.69	3,348,436	\$0.76
\$1.07 - \$1.63	1,016,667	2.85	\$1.26	666,667	\$1.31
\$1.64 - \$2.54	567,000	1.00	\$1.67	567,000	\$1.67
\$2.55 - \$3.00	100,000	1.08	\$2.55	100,000	\$2.55
	5,383,768	2.72	\$0.94	4,682,103	\$0.98

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

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price 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.

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Notes to Consolidated Financial Statements

For the three months period ended March 31, 2010 and 2009

(in Canadian dollars)

(Unaudited)

10. Related Party Transactions

- a. The Company earned rental income and incurred the following fees to its directors or corporations controlled by its directors:

	Three months ended March 31,			
	2010		2009	
Rental income	\$	23,453	\$	18,091
Exploration costs		10,313		21,198
Management fees		6,188		9,740
Property investigation		-		2,292
Investor relations		4,125		1,146
Directors' fees		11,000		13,000
	\$	31,626	\$	47,376

- b. At March 31, 2010, the Company has \$123,998 (December 31, 2009 - \$120,576) due from Minco Base Metals in relation to expenditures on the White Silver Mountain project and shared office expenses. The amount due from Minco Base Metals is unsecured, non-interest bearing and repayable on demand. The Company is related to Minco Base Metals through two common directors and one common officer.
- c. At March 31, 2010, the Company has a \$282,810 due from Minco Silver (December 31, 2009 - \$2,109,285) in relation to expenditures on the Fuwan Silver Property and shared office expenses for both offices in Vancouver and Beijing. The amount due from Minco Silver is unsecured, non-interest bearing and repayable on demand.
- d. As of March 31, 2010, receivables of \$600 (December 31, 2009 - \$Nil) are due from a company related by two common directors.

The above transactions were conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Notes to Consolidated Financial Statements

For the three months period ended March 31, 2010 and 2009

(in Canadian dollars)

(Unaudited)

11. Commitments and Contingencies

The Company has commitments in respect of office leases requiring minimum payments of \$948,223 as follows:

2010	\$ 235,958
2011	163,063
2012	158,524
2013	165,453
2014	168,919
2015	56,306
	<u>\$ 948,223</u>

The Company has entered into sub-lease agreements for a portion of its leased premises.

12. Geographic Information

The Company's business is considered as operating in one segment, mineral exploration and development. The Company conducts operations only in Canada and in China; therefore segregates its financial results by geographical division. The Company's total assets, liabilities and operating loss are as follows:

	March 31, 2010	December 31, 2009
Current Assets		
Canada	\$ 1,116,603	\$ 5,199,706
China	6,838,333	3,508,015
	<u>\$ 7,954,936</u>	<u>\$ 8,707,721</u>
Long-term Assets		
Canada	\$ 5,069,046	\$ 5,508,346
China	358,218	379,499
	<u>\$ 5,427,264</u>	<u>\$ 5,887,845</u>
Current Liabilities		
Canada	\$ 202,686	\$ 165,494
China	4,689,341	5,038,350
	<u>\$ 4,892,027</u>	<u>\$ 5,203,844</u>

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Notes to Consolidated Financial Statements

For the three months period ended March 31, 2010 and 2009

(in Canadian dollars)

(Unaudited)

12. Geographic Information (continued)

	Three months ended March 31, 2010	Three months ended March 31, 2009
Loss for the year		
Canada	\$ 864,728	\$ 549,663
China	407,493	767,305
	<u>\$ 1,272,221</u>	<u>\$ 1,316,968</u>