

**MINCO GOLD CORPORATION**  
(Formerly Minco Mining & Metals Corporation)  
(An exploration stage enterprise)

Consolidated Financial Statements  
**(Expressed in Canadian dollars)**

September 30, 2008

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# 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 (formerly Minco Mining and Metals 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 quarters and years.

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

(Formerly Minco Mining & Metals Corporation)

(An exploration stage enterprise)

Consolidated Balance Sheets

(Unaudited- Prepared by Management)

(Expressed in Canadian Dollars)

	September 30, 2008	December 31, 2007
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 6,419,761	\$ 1,307,892
Short-term investments (Note 2)	1,527,757	6,149,044
Receivables (Note 9 (b))	2,087,638	552,991
Due from Minco Silver Corporation (Note 9 (b))	2,857,687	4,639,788
Prepaid expenses and deposits	356,851	104,034
	13,249,694	12,753,749
<b>Long-term rental deposit</b>	51,523	51,277
<b>Mineral interests</b> (Notes 3 and 10(b))	358,500	358,500
<b>Plant, property and equipment</b> (Note 4)	488,849	504,171
<b>Equity investment in Minco Silver Corporation</b> (Note 5)	660,841	3,079,412
<b>Total assets</b>	\$ 14,809,407	\$ 16,747,109
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 5,278,412	\$ 890,000
Due to Minco Silver (Note 9 (b))	502,197	1,929,893
<b>Total liabilities</b>	5,780,609	2,819,893
<i>Commitments and contingencies (Note 10)</i>		
<b>Non-controlling interest</b> (Note 6)	1,561,081	82,685
<b>SHAREHOLDERS' EQUITY</b>		
<b>Share capital</b> (Note 8 (a))	34,021,922	33,941,510
<b>Contributed surplus</b> (Note 8 (c))	4,900,006	3,721,117
<b>Deficit accumulated during the exploration stage</b>	(31,454,211)	(23,818,096)
<b>Total shareholders' equity</b>	7,467,717	13,844,531
<b>Total liabilities and shareholders' equity</b>	\$ 14,809,407	\$ 16,747,109

See accompanying notes to consolidated financial statements

On behalf of the Board

"Malcolm Clay"

Malcolm Clay  
Director

"Robert Callander"

Robert Callander  
Director

**MINCO GOLD CORPORATION**

(Formerly Minco Mining &amp; Metals Corporation)

(An exploration stage enterprise)

Consolidated Statements of Operations and Deficit

(Unaudited- Prepared by Management)

**(Expressed in Canadian Dollars)**

	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
<b>Exploration permits</b>	-	-	1,368,426	-
<b>Exploration costs</b> , net of recoveries (Notes 3 & 7)	\$ 914,171	\$ 433,930	\$ 2,277,414	\$ 1,451,486
	914,171	433,930	3,645,840	1,451,486
<b>Administrative expenses</b> (Note 7)				
Accounting and audit	69,680	32,512	96,537	76,884
Amortization	26,261	14,937	69,885	39,621
Consulting	58,140	13,478	127,078	61,223
Directors' fees	15,250	14,000	37,250	49,500
Foreign exchange (gain)/loss	(152,557)	765,839	(540,216)	909,488
Investor relations	92,262	154,197	338,810	483,992
Legal	(10,156)	18,268	36,954	29,763
Regulatory and filing	8,687	16,236	35,554	70,741
Meals and entertainment	13,603	13,777	43,348	34,741
Office and miscellaneous	24,024	50,815	127,698	126,991
Property investigation	9,621	66,942	73,180	144,692
Rent	52,674	50,705	168,482	150,644
Salaries and benefits	88,813	130,995	368,226	431,085
Stock-based compensation (Note 8(d))	427,599	688,000	1,212,862	1,401,000
Telephone	6,800	(6,322)	21,275	10,677
Travel and transportation	30,825	26,342	75,852	81,868
	\$ 761,526	\$ 2,050,721	\$ 2,292,775	\$ 4,102,910
<b>Operating loss</b>	(1,675,697)	(2,484,651)	(5,938,615)	(5,554,396)
<b>Other income (loss)</b>				
Equity loss of investment in Minco Silver (Note 5)	(1,118,084)	(475,479)	(3,975,571)	(1,865,420)
Dilution gain (Note 5)	-	-	1,557,000	-
Write (down)/up of short-term investments	(46,200)	4,753	(63,000)	(63,215)
Interest and sundry income	28,646	82,349	109,248	252,425
<b>Loss for the period before non-controlling interest</b>	(2,811,335)	(2,873,028)	(8,310,938)	(7,230,606)
<b>Non-controlling interest</b> (Note 6)	347,512	-	674,823	-
<b>Loss from continuing operations</b>	(2,463,823)	(2,873,028)	(7,636,115)	(7,230,606)
<b>Loss from discontinued operations</b> (Note 7)	-	(7,604)	-	(38,257)
<b>Loss and comprehensive loss for the period</b>	(2,463,823)	(2,880,632)	(7,636,115)	(7,268,863)
<b>Deficit</b> , beginning of period	(28,990,388)	(20,764,077)	(23,818,096)	(16,375,846)
<b>Deficit</b> , end of period	\$ (31,454,211)	\$ (23,644,709)	\$ (31,454,211)	\$ (23,644,709)
<b>Loss per share from continuing operations</b> – basic and diluted	(0.06)	(0.07)	(0.18)	(0.17)
<b>Loss per share from discontinued operations</b> – basic and diluted (Note 7)	(0.00)	(0.00)	(0.00)	(0.00)
<b>Loss per share</b> - basic and diluted	(0.06)	(0.07)	(0.12)	(0.17)
<b>Weighted average number of common shares outstanding</b> – basic and diluted	42,989,051	42,596,869	42,963,956	42,529,449

## MINCO GOLD CORPORATION

(Formerly Minco Mining & Metals Corporation)

(An exploration stage enterprise)

Consolidated Statements of Cash Flows

(Unaudited- Prepared by Management)

(Expressed in Canadian Dollars)

	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
<b>Cash flows from (used in) operating activities</b>				
Net loss for the period from continuing operations	\$ (2,463,823)	\$ (2,873,028)	\$ (7,636,115)	\$ (7,230,606)
Adjustment for items not involving cash:				
- amortization of equipment	26,261	14,937	69,885	39,621
- equity loss on investment in Minco Silver (Note 5)	1,118,084	475,479	3,975,571	1,865,420
- dilution gain (Note 5)	-	-	(1,557,000)	-
- stock-based compensation (Note 6(d))	427,599	688,000	1,212,862	1,401,000
- non-controlling interest in loss	(347,512)	-	(674,823)	-
- write down/(up) of short-term investments	46,200	(4,753)	63,000	63,215
Change in non-cash working capital items:				
- decrease (increase) in receivables	(1,049,235)	82,584	(1,536,134)	(209,671)
- decrease (increase) in prepaid expenses and deposits	(7,273)	(3,883)	(253,063)	57,242
- decrease in accounts payable and accrued liabilities	1,542,383	(46,677)	4,388,412	(78,469)
	(707,316)	(1,667,341)	(1,947,405)	(4,092,248)
<b>Cash flows from financing activities</b>				
Proceeds from issuance of shares in Minco Gold	-	8,916	47,926	105,808
Non-controlling interest (Note 6)	1,722,159	-	2,153,219	-
	1,722,159	8,916	2,201,145	105,808
<b>Cash flows from (used in) investing activities</b>				
Acquisition of equipment	(21,635)	(131,335)	(54,563)	(238,286)
Decrease in short-term investments	3,438,066	1,071,146	4,558,287	5,762,986
Decrease (increase) in due from Minco Silver Corporation	(336,154)	2,129	354,405	(452,926)
	3,080,277	941,940	4,858,129	5,073,774
<b>Increase (decrease) in cash and cash equivalents from continuing operations</b>	4,095,120	(716,485)	5,111,869	1,087,334
<b>Increase in cash and cash equivalents from discontinued operations (Note 7)</b>	-	2,652	-	6,074
<b>Increase (decrease) in cash and cash equivalents</b>	4,095,120	(713,833)	5,111,869	1,093,408
<b>Cash and cash equivalents, beginning of period</b>	2,324,641	1,995,990	1,307,892	188,749
<b>Cash and cash equivalents, end of period</b>	\$ 6,419,761	\$ 1,282,157	\$ 6,419,761	\$ 1,282,157
<b>Supplemental disclosure of cash flows information</b>				
Interest paid	-	-	-	-
Income taxes paid	-	-	-	-



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Notes to Consolidated Financial Statements

September 30, 2008

(Unaudited-Prepared by Management)

**(Expressed in Canadian Dollars)**

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## **1. Nature of Operations**

The Company's interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

The consolidated financial statements include the accounts of Minco Gold Corporation (formerly Minco Mining & Metals Corporation) ("Minco Gold"), its wholly-owned China 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 right to earn up to a 75% interest in the joint venture company Inner Mongolia Damo Mining Co. Ltd. ("Damo"), its right to earn up to a 75% interest in the joint venture company Inner Mongolia Huayu-Minco Mining Co., Ltd. ("HYMK"), its right to earn up to a 70% interest in the joint venture company Henan Zhongjia Minco Mining Co., Ltd. ("Zhongjia Minco"), and its right to earn up to a 51% interest in the joint venture company Guangzhou Mingzhong Mining Co., Ltd. ("Mingzhong").

All inter-company accounts and transactions have been eliminated.

As at September 30, 2008, Minco Gold beneficially owns 13,000,000 shares of Minco Silver, which represents 40.48% of Minco Silver's share capital.

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles using the same accounting policies and methods of application as those disclosed in Note 2 of the Company's annual consolidated financial statements for the year ended December 31, 2007 and accordingly should be read in conjunction with the Company's annual consolidated financial statements for the year ended December 31, 2007. In the opinion of management, all adjustments considered necessary for the fair presentation of results for the periods presented have been reflected in these unaudited interim consolidated financial statements. Those adjustments consist only of normal recurring adjustments. Operating results of these interim periods are not necessary indicative of result that may be expected for the full fiscal year ending December 31, 2008.

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## 2. Short-term Investments

As at September 30, 2008, short-term investments consisted of cashable guaranteed investment certificates and 420,000 shares of New Cantech Venture Inc. ("New Cantech") common shares (see Note 7(d)). The market value of the shares was \$25,200 as of September 30, 2008.

At September 30, 2008, the yields on the short-term investments were 3.00% per year (December 31, 2007 – 4.00% to 4.35%).

As at December 31, 2007, short-term investments consisted of cashable guaranteed investment certificates, commercial notes, and 420,000 common shares of New Cantech Venture Inc. ("New Cantech", see Note 7(d)). The market value of the shares was \$88,200 as of December 31, 2007.

## 3. Mineral Interests

### (a) Acquisition, Exploration and Development of Mineral Interests

Mineral property and mineral rights acquisition costs are capitalized until the viability of the mineral interest is determined. If a mineral ore body is discovered, capitalized costs will be amortized over their estimated useful lives following the commencement of production. Otherwise, capitalized acquisition costs are expensed when it is determined that the mineral property has no future economic value. Capitalized amounts (including capitalized development costs) are written down if future cash flows, including potential sales proceeds, related to the mineral property are estimated to be less than the property's total carrying value. Management of the Company reviews the carrying value of each mineral property periodically, and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Reductions in the carrying value of a property would be recorded to the extent that the total carrying value of the mineral property exceeds its estimated fair value.

Exploration permits and other exploration costs are expensed as incurred. When it is determined that a mining deposit can be economically and legally extracted or produced based on established proven and probable reserves, further exploration costs and development costs incurred after such determination will be capitalized. The establishment of proven and probable reserves is based on results of final feasibility studies which indicate whether a property is economically feasible. Upon commencement of commercial production, capitalized costs will be transferred to the appropriate asset categories and amortized over their estimated useful lives. Capitalized costs, net of salvage values, relating to a deposit which is abandoned or considered uneconomic for the foreseeable future will be written off.

The Company follows the practice of expensing all exploration costs until mineral reserves have been established. The following is a summary of exploration costs incurred by the Company:

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## 3. Mineral Interests (continued)

	Cumulative Costs Incurred to December 31, 2007	Costs Incurred January 1 to September 30, 2008	Cumulative Costs Incurred to September 30, 2008
Currently active properties:			
Gansu			
- Minco-Qinqi (formerly West Extension of Yangshan)	\$ 278,576	\$ (85,868)	\$ 192,708
- Yangshan (Anba)	490,422	2,344	492,766
- Longnan	1,383,760	583,144	1,966,904
Inner Mongolia			
- Gobi Gold	1,713,010	195,991	1,909,001
- BYC	869,535	25,470	895,005
Guangdong			
- Changkeng	703,083	2,543,557	3,246,640
Hunan			
- Gold Bull Mountain	2,058,592	93,253	2,151,845
Henan			
- Xiaoshan	1,131,000	287,948	1,418,948
Total	8,627,978	3,645,840	12,273,818
Exploration cost recoveries	(956,903)	-	(956,903)
Expensed exploration permits	(2,591,594)	(1,368,426)	(3,960,020)
Expensed exploration costs	(4,720,981)	(2,277,414)	(6,998,395)
Capitalized mining permit costs	\$ 358,500	\$ -	\$ 358,500

The Company ceased being the majority shareholder of Minco Silver Corporation on November 17, 2006, and no longer consolidates its property costs after that date. Prior to November 17, 2006, Minco Silver had incurred, and the Company had consolidated \$3,034,498 in exploration and permit costs on the Fuwan property.

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Notes to Consolidated Financial Statements

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## 4. Plant, Property and Equipment

	September 30, 2008		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 220,402	\$ 142,225	\$ 78,177
Leasehold improvements	63,980	44,683	19,297
Mining equipment	310,870	208,992	101,878
Motor vehicles	366,070	133,887	252,183
Office equipment and furniture	144,108	106,794	37,314
	<u>\$1,125,430</u>	<u>\$ 636,581</u>	<u>\$ 488,849</u>

  

	December 31, 2007		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 201,139	\$ 123,702	\$ 77,437
Leasehold improvements	63,980	38,683	25,296
Mining equipment	306,142	197,697	108,445
Motor vehicles	368,874	109,766	259,107
Office equipment and furniture	132,055	98,170	33,886
	<u>\$1,072,190</u>	<u>\$ 568,018</u>	<u>\$ 504,171</u>

Summary of amortization of plant, property and equipment is as follows:

Three Months Ended September 30		Nine Months Ended September 30	
2008	2007	2008	2007
<u>\$ 26,261</u>	<u>\$ 15,664</u>	<u>\$ 69,885</u>	<u>\$ 42,645</u>

# **MINCO GOLD CORPORATION**

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## **5. Investment in Minco Silver Corporation**

As at September 30, 2008 the Company owns 13,000,000 common shares of Minco Silver (December 31, 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 from Minco Gold to Minco Silver.

On December 1, 2005, Minco Silver received approval of its application to list its common shares on the Toronto Stock Exchange ("TSX"). Minco Silver's common shares began trading on the TSX on December 2, 2005 with the trading symbol "MSV". On the same date, Minco Silver issued and converted 10,276,000 special warrants to common shares. Minco Silver also completed its initial public offering of 920,000 common shares at a price of \$1.25 per common share for gross proceeds of \$1,150,000. The Company did not participate in the public offerings and as a result its ownership interest decreased from approximately 100% to 56% in 2005.

On November 17, 2006, Minco Silver completed a public offering, by way of a short form prospectus, of 5,000,000 units at a price of \$3.00 per common share for gross proceeds of \$15,000,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each warrant is exercisable at \$3.45 per share until May 17, 2008. On December 1, 2006, Minco Silver completed an additional issuance of 528,200 common shares at a price of \$2.80 per common share and an additional 375,000 common share purchase warrants at a price of \$0.40 per warrant for gross proceeds of \$1,628,960 pursuant to the exercise of an over-allotment option by the underwriters. Each warrant was exercisable at \$3.45 per share until May 20, 2008.

The Company did not participate in the public offering and as a result its ownership interest decreased from approximately 55.6% to 45.5% on November 17, 2006 and reduced further to 45.3% as at December 31, 2006. As at December 31, 2007 the Company's ownership had decreased to 41.75% primarily due to the sale of 1,000,000 shares of Minco Silver by the Company. Prior to November 17, 2006, the Company consolidated the accounts of Minco Silver. Effective November 17, 2006, the Company commenced accounting for its investment in Minco Silver on an equity basis and as a result the following assets and liabilities were deconsolidated at that date: cash of \$6,539; short term investment of \$5,578,000; current assets of \$5,786,000; property and equipment of \$80,000; current liabilities of \$1,175,000 and non-controlling interest of \$2,985,000.

During December 2007, the Company sold 1,000,000 shares of Minco Silver at a gross price of \$3.25 per share. This transaction resulted in a gain of \$2,978,034.

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## 5. Investment in Minco Silver Corporation (continued)

On May 17, 2008 Minco Silver share purchase warrants were exercised for 741,357 common shares at an exercise price of \$3.45. The Company did not participate in this exercise and as a consequence its ownership in Minco Silver was reduced from 41.59% to 40.48%. This reduction in ownership resulted in a dilution gain for the quarter ended June 30, 2008 of \$1,376,000.

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>September 30, 2008</u>	<u>December 31, 2007</u>
Investment in Minco Silver Corporation on an equity basis	<u>\$ 660,841</u>	<u>\$ 3,079,412</u>
Market value of Minco Silver shares	<u>\$12,350,000</u>	<u>\$38,740,000</u>

As of September 30, 2008, Minco Silver had current assets of \$11,349,000, property and equipment of \$254,000, current liabilities of \$3,319,000 and shareholders' equity of \$8,283,000. During the first nine months ended September 30, 2008, Minco Silver incurred exploration costs of \$7,060,000, administration costs of \$3,046,000 and a loss of \$9,756,000, resulting in an equity loss of \$3,976,000 for the Company.

## 6. Non-Controlling Interest

The non-controlling interest represents the interest of minority shareholders in Zhongjia JV, which holds the Xiaoshan project, and the interest of the minority shareholders in Mingzhong, based on the amount of their investment adjusted for income or losses from operations since the date of their investment. The non-controlling interest in the Zhongjia JV was 30% and the non-controlling interest in Mingzhong was 49% as at September 30, 2008.

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## 7. Discontinued Operations

On November 15, 2007, the Company effected the reorganization and spin-off of Minco Base Metals Corp. The Company effectively transferred the wholly-owned subsidiary called Minco Base Metals Corporation ("Minco Base Metals") to Minco Base Metals Corp., including its interest in Gansu Keyin Mining Co. Ltd. and the White Silver Mountain project. The Company issued 1 common share in Minco Base Metals Corp. for every 5 common shares of the Company. As at November 15, 2007, the assets disposed of consisted primarily of cash, receivables and payables. The 2007 loss of Minco Base Metals prior to disposition was \$39,596. The net liabilities of \$112,674 of Minco Base Metals as of November 14, 2007 was credited to contributed surplus of the Company.

Pursuant to CICA Handbook Section 3475 "Disposal of Long-Lived Assets and Discontinued Operations", the consolidated financial statements of the Company have been reclassified to reflect discontinued operations of Minco Base Metals. Accordingly, exploration costs and administrative expenses, assets and liabilities and cash flows of discontinued operations have been segregated in the Consolidated Statements of Operations and Comprehensive Loss and Deficit and Consolidated Balance Sheets.

## 8. Share Capital

### (a) Common Stock

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

Issued:

Balance, December 31, 2006	42,865,219	\$	33,809,903
Stock options exercised ranging from \$0.55 to \$1.35 per share, including \$63,750 contributed surplus attributed to stock-based compensation recognized	111,166		169,558
Purchased and cancelled pursuant to normal course issuer bid	(48,000)		(37,951)
Balance, December 31, 2007	42,928,385		33,941,510
Stock options exercised at \$0.79 per share, including \$33,973 contributed surplus attributed to stock-based compensation recognized	60,666		81,899
11,332 shares of Minco Base Metals Corp. issued	-		(1,487)
Balance, September 30, 2008	42,989,051	\$	34,021,922

Under the original escrow agreement, 4,880,000 escrow shares were to be released based on the Company's expenditures on exploration and development of a particular

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## 8. Share Capital (continued)

resource property. In July 2005, the Company released 1,473,264 escrow shares based on exploration expenditures. In June 2005, the Company's shareholders approved a new escrow agreement that will result in the remaining 1,518,058 escrow shares being released over a period of 18 months on a time release basis: (a) 379,514 escrow shares on December 31, 2005 (the release was effected in January 2006); (b) 379,514 escrow shares on July 1, 2006; (c) 379,514 escrow shares on December 31, 2006 (the release was effected in January 2007); and (d) 379,516 escrow shares on July 1, 2007. As at September 30, 2008, all shares are released from escrow (December 31, 2007 – nil).

The Toronto Stock Exchange accepted a Notice of Intention by the Company to make a Normal Course Issuer Bid. Under the terms of the Normal Course Issuer Bid, the Company may acquire up to 2,107,210 common shares of the Company between November 22, 2006 and November 21, 2007. Prior to the expiry of the bid, the Company acquired and cancelled 48,000 common shares at a cost \$44,450. The cost to purchase the shares exceeded their carrying value by \$6,499. This excess was debited to retained earnings.

### (b) Share purchase warrants and broker options

A summary of the status of share purchase warrants and broker options granted by Minco Gold is as follows:

	Number of Warrants	Weighted Average Exercise Price	Number of Broker Options	Weighted Average Exercise Price
Outstanding at December 31, 2006	580,500	\$ 1.50	-	\$ -
Expired	(580,500)	1.50	-	-
Outstanding at December 31, 2007	-	-	-	-
Outstanding at September 30, 2008	-	\$ -	-	\$ -

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## 8. Share Capital (continued)

### (c) Contributed Surplus

Summary of contributed surplus is as follows:

Balance at December 31, 2006	\$ 1,649,343
2007 stock-based compensation	2,022,850
Transfer to share capital on exercise of stock options	(63,750)
Transfer of net liabilities to Minco Base Metals	112,674
Balance at December 31, 2007	3,721,117
2008 stock-based compensation	1,212,862
Transfer to share capital on exercise of stock options	(33,973)
Balance at September 30, 2008	\$ 4,900,006

### (d) Minco Gold Stock Options

Minco Gold may grant options to its directors, officers, employees and service providers under its stock option plan. The maximum number of stock options reserved for issuance is 5,979,226 common shares.

In the first nine months of 2008, 642,500 stock options were granted to its employees and consultants at exercise prices ranging from \$0.66 to \$1.44 per share. Minco Gold recorded \$1,212,862 of stock based compensation expense in the first three quarters of 2008 (2007 - \$1,401,000). The stock options granted vest in various increments and have a maximum term of five years. A summary of the status of options granted by Minco Gold is as follows:

	Number	Weighted Average Exercise Price
Options outstanding at December 31, 2006	2,945,334	\$ 1.61
Granted	3,865,000	1.07
Exercised	(111,166)	0.95
Cancelled and Forfeited	(1,197,501)	1.71
Expired	(265,000)	1.50
Options outstanding at December 31, 2007	5,236,667	\$ 1.21
Granted	642,500	1.14
Exercised	(60,666)	0.79
Cancelled and Forfeited	(1,217,667)	1.48
Options outstanding at September 30, 2008	4,600,834	\$ 1.13

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## 8. Share Capital (continued)

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life (yr)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$0.00 - \$1.06	2,557,167	4.02	\$0.82	1,489,494	\$0.83
\$1.07 - \$1.63	1,181,667	3.74	\$1.32	658,334	\$1.34
\$1.64 - \$2.54	762,000	2.09	\$1.69	762,000	\$1.69
\$2.55 - \$3.00	100,000	2.58	\$2.55	100,000	\$2.55
	4,600,834	3.60	\$1.13	3,009,828	\$1.22

## 9. Related Party Transactions

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

	Three Months Ended September 30		Nine Months Ended September 30	
	2008	2007	2008	2007
Exploration costs	\$ 14,531	\$ 17,812	\$ 52,969	\$ 57,187
Management fees	11,250	5,625	19,688	10,313
Property investigation	938	4,688	4,687	18,750
Investor relations	1,406	-	7,031	-
Director's fees	15,250	14,000	37,250	49,500
	\$ 43,375	\$ 42,125	\$ 121,625	\$ 135,750

- b. As of September 30, 2008 receivables of \$329,717 (December 31, 2007 - \$239,260) are due from five companies related by two common directors.

At September 30, 2008, the Company also has \$502,197 (December 31, 2007 - \$1,929,893) due to Minco Silver. The amount is unsecured, non-interest bearing and repayable on demand.

At September 30, 2008, Minco China also has a balance of \$2,857,687 (December 31, 2007 - \$4,639,788) due from Minco Silver in relation to expenditures on the Fuwan Property, new silver projects' investigation, and

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### 9. Related Party Transactions (continued)

shared office expenses paid by Minco China on behalf of Minco Silver. The amount due from Minco Silver is unsecured, non-interest bearing and repayable on demand.

- c. In 2003, the Company entered into a letter agreement with New Cantech, which is related by one common director. Pursuant to the terms of the agreement on the BYC project in Inner Mongolia, the Company received, from New Cantech, 500,000 common shares. As of September 30, 2008, the Company has sold 80,000 common shares in the market, and there were 420,000 common shares in total holding by the Company.

On September 28, 2006, New Cantech notified the Company that it does not want to proceed further with the BYC Option, and the two parties signed a termination agreement on October 3, 2006. Pursuant to the BYC Option Agreement, New Cantech reconveyed to the Company all of its rights and interest in and to the BYC Property.

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.

### 10. Commitments and Contingencies

- (a) The Company has commitments in respect of office leases requiring minimum payments of \$2,055,978, as follows:

2008	\$ 83,254
2009	292,631
2010	296,258
2011	311,850
2012	317,048
2013	332,640
2014	337,838
2015	84,459
	<hr/>
	\$ 2,055,978

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

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## 10. Commitments and Contingencies (continued)

- (b) Minco Gold is also conditionally committed to payments of up to \$7,720,722 in respect of joint venture investments and mineral property development.

	Total	Less than 1 year	1 - 3 years	3 - 5 years	More than 5 years
Mingzhong <sup>(1)</sup>	7,720,722	3,860,361	3,860,361	\$ -	\$ -

Notes:

- (1) Costs of exploration permits and investment commitments in accordance with the Mingzhong JV Contract dated February 8, 2007;

## 11. Geographical Information

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

	September 30 2008	December 31 2007
<b>Current Assets</b>		
Canada	\$ 1,888,508	\$ 7,844,446
China	11,361,186	4,909,303
	<u>\$ 13,249,694</u>	<u>\$ 12,753,749</u>
<b>Long-term Assets</b>		
Canada	\$ 788,611	\$ 3,207,479
China	771,102	785,881
	<u>\$ 1,559,713</u>	<u>\$ 3,993,360</u>
<b>Current Liabilities</b>		
Canada	\$ 469,904	\$ 2,344,007
China	5,310,705	475,886
	<u>\$ 5,780,609</u>	<u>\$ 2,819,893</u>

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## 11. Geographical Information (continued)

	Three months ended September 30, 2008	Three months ended September 30, 2007	Nine months ended September 30, 2008	Nine months ended September 30, 2007
<b>Loss for the period</b>				
Canada	(1,590,182)	(1,691,923)	\$ (2,917,020)	\$ (4,752,838)
China	(873,641)	(1,188,709)	(4,719,095)	(2,516,025)
	(2,463,823)	(2,880,632)	\$ (7,636,115)	\$ (7,268,863)

## 12. Financial Instruments

Fair value - The fair values receivables, accounts payable and accrued liabilities approximates their carrying values due to the short-term nature of these financial instruments.

Exchange risk - The Company operates in China and many of its exploration expenditures are payable in either U.S. dollars or the Chinese currency RMB and are therefore subject to foreign currency risk arising from changes in exchange rates with the Canadian dollar.

Interest rate risk - The Company has no interest-bearing debt and so is not exposed to interest rate risk.

Credit risk - The Company generally places its short-term investment funds into government and Canadian bank debt securities and is therefore subject to minimal credit risk with regard to short-term investments.