

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Interim Consolidated Financial Statements

For the nine months period ended September 30, 2009 and 2008

(Unaudited)

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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 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)

	September 30, 2009	December 31, 2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,322,033	\$ 2,553,531
Short-term investments	-	922,559
Receivables	81,809	895,840
Due from Minco Silver (Note 11(c))	2,858,422	1,246,282
Due from Minco Base Metals (Note 11(b))	456,951	506,569
Prepaid expenses and deposits	89,646	129,113
Assets of discontinued operation (Note 8)	-	51,771
	4,808,861	6,305,665
Long-term rental deposit	51,764	51,523
Long-term marketable securities (Note 5)	77,700	12,600
Plant, property and equipment	439,201	468,650
Equity investment in Minco Silver (Note 7)	2,411,468	3,675,116
Assets of discontinued operation (Note 8)	-	44,871
	\$ 7,788,994	\$ 10,558,425
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6(a))	\$ 5,342,448	\$ 5,647,575
Loan payable (Note 9)	-	2,881,237
Tax payable	136,136	136,136
Liabilities of discontinued operation (Note 8)	-	23,859
	5,478,584	8,688,807
SHAREHOLDERS' EQUITY		
Share capital (Note 10(a))	34,042,093	34,021,922
Contributed surplus (Note 10(c))	5,615,258	4,930,097
Deficit	(39,840,368)	(37,082,401)
Adjustment to opening deficit (Note 6(a))	2,493,427	-
	2,310,410	1,869,618
	\$ 7,788,994	\$ 10,558,425

*Commitments (Notes 6(a) and 12)**See accompanying notes to interim consolidated financial statements***On behalf of the Board**"Malcolm Clay"Malcolm Clay
Director"Robert Callander"Robert Callander
Director

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Consolidated Statements of Operations and Comprehensive Loss and Deficit

(in Canadian dollars)

(Unaudited)

	Three Months ended September 30,		Nine Months ended September 30,	
	2009	2008	2009	2008
		(Restated)		(Restated)
Exploration permits costs (recovery) (Note 6(b))	\$ (1,205,298)	\$ -	\$ (1,205,298)	\$ 6,611,918
Exploration costs , net of recoveries (Note 6(b))	193,846	864,403	1,070,583	2,016,032
	(1,011,452)	864,403	(134,715)	8,627,950
Administrative expenses				
Accounting and audit	30,482	69,674	146,624	96,246
Amortization	32,616	25,088	97,713	66,505
Consulting	69,236	58,140	165,077	127,078
Directors' fees	13,500	15,250	39,500	37,250
Foreign exchange loss	73,049	344,107	51,921	677,894
Interest expense	509	51,231	2,122	153,693
Investor relations	18,344	92,262	109,359	338,810
Legal	566	(10,156)	1,190	36,954
Meals and entertainment	11,848	12,430	51,494	39,793
Office and miscellaneous	22,740	22,896	67,307	119,603
Property investigation	47,426	9,621	52,133	73,180
Regulatory and filing	27,199	8,687	72,309	35,554
Rent	62,537	50,863	207,249	164,892
Salaries and benefits	107,150	84,135	465,468	351,256
Stock-based compensation (Note 10(c))	234,661	427,599	687,578	1,212,862
Telephone	5,343	6,414	22,252	20,021
Travel and transportation	31,023	27,308	97,446	68,770
	788,229	1,295,549	2,336,742	3,620,361
Operating income (loss)	223,223	(2,159,952)	(2,202,027)	(12,248,311)
Other income (loss)				
Share of loss from equity investment in Minco Silver (Note 7)	(742,483)	(112,964)	(1,381,494)	(1,090,959)
Dilution gain (Note 7)	965	-	117,846	1,544,454
Write up (down) of marketable securities	58,800	(46,200)	65,100	(63,000)
Rental income	31,384	16,778	67,566	51,332
Interest income	-	10,867	11,950	57,907
Loss for the period before discontinued operations, non-controlling interest and tax expenses	(428,111)	(2,291,471)	(3,321,059)	(11,748,577)
Non-controlling interest	-	72,290	-	82,685
Loss for the period from continuing operations	(428,111)	(2,219,181)	(3,321,059)	(11,665,892)
Earnings (loss) from discontinued operations (Note 8)	(14,359)	(93,954)	563,092	(249,003)
Loss and comprehensive loss for the period	(442,470)	(2,313,135)	(2,757,967)	(11,914,895)
Deficit, beginning of period	(39,397,898)	(33,419,856)	(37,082,401)	(23,818,096)
Deficit, end of period	\$ (39,840,368)	\$ (35,732,991)	\$ (39,840,368)	\$ (35,732,991)
Loss per share from continuing operations – basic	\$ (0.01)	\$ (0.05)	\$ (0.08)	\$ (0.27)
Gain (loss) per share from discontinued operations – basic	\$ -	\$ -	\$ -	\$ (0.01)
Gain (loss) per share from discontinued operations – diluted	\$ -	\$ -	\$ -	\$ (0.01)
Loss per share – basic and diluted	\$ (0.01)	\$ (0.05)	\$ (0.06)	\$ (0.28)
Weighted average number of common shares outstanding – basic and diluted	43,011,106	42,974,157	42,998,385	42,963,956

See accompanying notes to interim consolidated financial statements

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Consolidated Statements of Cash Flow

(in Canadian dollars)

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2009	2008 (Restated)	2009	2008 (Restated)
Cash flows from operating activities				
Net gain (loss) from continuing operations for the period	\$ (428,111)	\$ (3,097,726)	\$ (3,321,059)	\$ (12,544,437)
Adjustment to reconcile net loss from continuing operations to cash provided by (used in) operating activities:				
- amortization	32,616	26,261	97,713	69,885
- equity loss on investment in Minco Silver	742,483	112,964	1,381,494	1,090,959
- dilution gain	(965)	-	(117,846)	(1,544,454)
- stock-based compensation (Note 10(c))	234,661	427,599	687,578	1,212,862
- gain on sale of exploration permit	-	-	-	-
- foreign exchange loss	73,049	344,107	51,921	677,894
- non-controlling interest in loss	-	(347,512)	-	(674,823)
- write down of marketable securities	(58,800)	46,200	(65,100)	63,000
Change in non-cash working capital items:				
- receivables	208,505	273,337	376,930	1,411,489
- due from Minco Base Metals	97,599	(334,954)	49,618	(62,955)
- prepaid expenses and deposits	145	(6,686)	39,226	(255,410)
- accounts payable and accrued liabilities	(221,390)	3,538,593	190,178	8,583,558
Cash flow from operating activities of continuing operations	679,792	982,183	(629,347)	(1,972,432)
Adjustment to opening deficit (Note 6(a))	-	-	2,493,427	-
Cash flow from operating activities of discontinued operations (Note 8)	(14,360)	(18,425)	480,877	144,236
	665,432	963,758	2,344,957	(1,828,196)
Cash flows from financing activities				
Proceeds from issuance of common shares	3,999	-	17,754	47,926
Repayments of loans	-	-	(2,881,237)	-
Non-controlling interest	-	398,835	-	781,796
	3,999	398,835	(2,863,483)	829,722
Cash flows from investing activities				
Disposition (acquisition) of equipment	4,800	(18,347)	(68,264)	(57,943)
Disposition of short-term investments	371,655	3,438,066	921,654	4,558,287
Repayments from (advances to) Minco Silver	(1,326,271)	(838,351)	(1,612,140)	1,782,101
Cash flow from investing activities of continuing operations	(949,816)	2,581,368	(758,750)	6,282,445
Cash flow from investing activities of discontinued operations	-	(3,288)	44,871	3,380
	(949,816)	2,578,080	(713,879)	6,285,825
Increase (decrease) in cash and cash equivalents	(280,383)	3,940,673	(1,232,403)	5,287,351
Cash and cash equivalents, beginning of period	1,601,511	2,325,029	2,553,531	978,351
Cash and cash equivalents, end of period	\$ 1,322,033	\$ 6,265,702	\$ 1,322,033	\$ 6,265,702
Interests received	\$ -	\$ 10,867	\$ 11,950	\$ 57,907

See accompanying notes to interim consolidated financial statements

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Notes to Consolidated Financial Statements

For the nine months period ended September 30, 2009 and 2008

(in Canadian dollars)

(Unaudited)

1. Nature of Operations

Minco Gold Corporation (the “Minco Gold” and 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.

These interim consolidated financial statements have been prepared using Canadian generally accepted accounting principles applicable to a going concern, which assumes that the Company will continue to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company does not generate revenues and has accumulated losses since inception and is unlikely to generate earnings in the immediate future.

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, 2008, except as noted below (see Note 4). 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, 2008.

3. Change in Accounting Policy

Development of Mineral Interests

On December 31, 2008, the Company changed this exploration project accounting policy to more appropriately align its policy with those applied by other comparable mineral exploration and development companies. The Company’s new policy to commence capitalization of mineral property exploration and development costs when a mineral resource having economic potential is identified on a property.

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3. Change in Accounting Policy (continued)

Prior to December 31, 2008, the Company's accounting policy was to capitalize mineral property and mineral rights acquisition costs and to commence capitalizing mineral property development costs only upon the establishment of proven and probable reserves based on results of a final feasibility. Exploration permit acquisition, exploration and development costs were expensed as incurred prior to the establishment of proven and probable reserves.

Effective March 5, 2008, management determined that the Fuwan Silver deposit met the criteria for treatment as a development property and accordingly commenced capitalization of expenditures from this date. The Company continued to expense exploration costs associated with other exploration activities including current year regional drilling programs.

4. Accounting Policy Changes

Goodwill and Intangible Assets

On January 1, 2009, the Company adopted the recommendations included in Section 3064, "Goodwill and Intangible Assets," of the CICA Handbook, which replaced CICA Section 3062, "Goodwill and Other intangible Assets". The adoption of this Section has had no material impact on the Company's financial statements.

Mining Exploration Costs

Effective March 27, 2009, the Company adopted the Emerging Issues Committee ("EIC") Abstract 174, "Mining Exploration Costs". This standard provides guidance on the capitalization of exploration costs related to mining properties, in particular, and on impairment of long-lived assets. The adoption of this standard did not have a significant impact on the Company's financial statements.

New Canadian Accounting Standards

Section 1582, Business Combinations, 1601, Consolidations and 1602, Non-controlling interests

In January 2009, the CICA issued these new sections to replace Section 1582, "Business Combinations" and Section 1600, "Consolidated Financial Statements." Section 1582 will apply to a transaction in which the acquirer obtains control of one or more businesses (as defined in the Section). Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. A bargain purchase will result in the recognition of a gain. Acquisition costs will be expensed. Any non-controlling interest will be recognized as a separate component of shareholders' equity and net income will be allocated between the controlling and non-controlling interests. These new standards will apply to fiscal years beginning on or after January 1, 2011. These Sections will not have an impact on the Company's financial statements unless the Company enters into a business combination subsequent to January 1, 2011.

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5. Marketable Securities

As at September 30, 2009, the Company held 420,000 common shares of Nanika Resources Inc. The market value of the shares was \$77,700 (December 31, 2008 - \$12,600). Management assessed the Company's marketable security holdings and determined to classify the shares of Nanika as long-term for consistency with management's intentions.

6. Mineral Interests

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:

(a) Guangdong - Changkeng

During 2008, the shareholders of Mingzhong contributed through shareholder loans totalling RMB 30 million (approximately \$5.39 million) to Mingzhong. Of this balance Minco China contributed 51% or RMB 15.3 million (approximately \$2.72 million) and the minority shareholders contributed 49% or RMB 14.7 million (approximately \$ 2.67 million).

Of the RMB 30 million (approximately \$5.39 million) contributed by the shareholders of Mingzhong RMB 19 million (approximately \$2.94 million) was used to make the first payment of the Changkeng Exploration Permit to 757 Exploration Team and RMB 11 million (approximately \$1.7 million) was used on exploration and other operating expenses.

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(Unaudited)

6. Mineral Interests (continued)

As at December 31, 2008 the Company consolidated and expensed the full amounts of RMB 30 million (\$5.39 million) which was included in the exploration permit costs and the exploration costs respectively.

As at December 31, 2008, the remaining balance due on the payment for the exploration permit of RMB 29 million (approximately \$5.04 million) has been accrued in the Company's financial statements. Minco China is responsible for its 51% shareholder contribution of RMB 14.8 million (approximately \$2.57 million) and the minority shareholders are responsible for their 49% shareholder contribution RMB 14.2 million (approximately \$2.47 million) to fund the final amount due on the exploration permit.

On May 25, 2009, Mingzhong has received government approval to convert the loan of RMB 30 million (approximately \$5.53 million) to equity which was used to increase the registered capital of Mingzhong from RMB 6 million to RMB 36 million. As a result of this conversion, the Company recorded an adjustment RMB 14.7 million (approximately \$2.47 million) to opening deficit in order to reflect non-controlling interest on the Changkeng's exploration permit costs and the exploration costs contributed by the minority shareholders.

(b) Changkeng Silver Mineralization

Pursuant to the terms of the agreement on Changkeng Silver Mineralization, the Company has assigned its right to earn 51% interest on Changkeng Silver Mineralization to Minco Silver. As a result of the assignment, Minco Silver is responsible for 51% of the costs in relation to the Changkeng Silver Mineralization. As at September 30, 2009, \$207,710 was recorded as an exploration cost recovery, which represents incurred costs on Changkeng Silver Mineralization and paid on Minco Silver's behalf by the Company. Minco Silver will reimburse this amount to the Company.

In 2009, the Company and Minco Silver entered into an agreement and agreed Minco Silver will share and pay 30% of the Company's 51% of the cost of the permit for the Changkeng Silver Mineralization. Accordingly, in the nine months ended September 30, 2009, the Company recorded the receivable due from Minco Silver of \$1,205,298, and recorded it as the exploration permit costs recovery of the period.

(c) Henan Zhongjia – Xiaoshan

On April 30, 2007, a JV contract was signed between Minco China and HNEM to jointly explore and develop the precious and nonferrous resources in the Xiaoshan project area. On June 11, 2007, a business license was issued to the JV, Henan Zhongjia Minco Mining Co. Ltd. ("Zhongjia"). The Company has spent accumulative costs of \$1.65 million up to May 30, 2009 on exploration activities, including \$842,788 (RMB 6.0 million) incurred in 2007 to acquire the exploration permits.

On April 28, 2009, the Company signed an agreement with Henan Xin Xiang Rong Investment Corporation to sell its interest in Henan Zhongjia for RMB 2.46 million (\$402,086) and received the full amounts of RMB 2.46 million (\$402,086) on June 15, 2009. There was a transition period from April 26, 2009 to May 31, 2009 while the Company awaited government approval. Following receipt of government approval on May 31, 2009, Henan Xin Xiang Rong Investment Corporation took over management control and daily operation.

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Notes to Consolidated Financial Statements

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(in Canadian dollars)

(Unaudited)

6. Mineral Interests (continued)

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

	Costs Incurred from January 1 to September 30, 2008	Costs Incurred from January 1 to September 30, 2009	Cumulative Costs Incurred to September 30, 2009
Currently active properties:			
Gansu			
- Longnan	\$ 499,620	\$ 1,049,691	\$ 4,616,576
Inner Mongolia			
- Gobi Gold	195,991	(11,623)	1,971,919
Guangdong			
- Changkeng	14,782,938	236,080	9,290,882
Hunan			
- Gold Bull Mountain	93,253	4,145	2,161,685
Henan			
- Xiaoshan	287,948	288,474	1,830,655
Expensed exploration cost for sold projects prior to 2009	25,470	-	869,535
Total	15,885,220	1,566,767	20,741,252
Expensed exploration costs for sold project in current period	-	(288,474)	(288,474)
Exploration cost recoveries	(25,470)	(207,710)	(1,164,613)
Expensed mining license costs	(358,500)	-	(358,500)
Expensed exploration permits	(6,611,918)	(1,205,298)	(10,408,810)
Expensed exploration costs	(8,889,332)	134,715	(8,520,855)
Capitalized mining license costs	\$ -	\$ -	\$ -

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.

7. Equity Investment in Minco Silver Corporation

As at September 30, 2009 the Company owns 13,000,000 common shares of Minco Silver (2008 – 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.

During the nine months ended on September 30, 2009, the Company's ownership decreased to 40.25% due to the exercise of options by Minco Silver option holders.

The Company is exposed to the transactions undertaken by Minco Silver through its equity accounting for the Company's investment in Minco Silver.

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(Unaudited)

7. Equity Investment in Minco Silver Corporation (continued)

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Dilution gain in Minco Silver	\$ 965	\$ -	\$ 117,846	\$ 1,544,454
Equity loss of Minco Silver	(742,483)	(112,964)	(1,381,494)	(1,090,959)
Income (loss) from investment in Minco Silver	\$ (741,518)	\$ (112,964)	\$ (1,263,648)	\$ 453,495

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, 2009	December 31, 2008
Investment in Minco Silver Corporation on an equity basis	<u>\$2,411,468</u>	<u>\$3,675,116</u>
Market value of Minco Silver shares	<u>\$25,220,000</u>	<u>\$18,460,000</u>

As at September 30, 2009 the closing share price for Minco Silver's shares on the Toronto Stock Exchange was \$1.94 (December 31, 2008 - \$1.42)

As of September 30, 2009, Minco Silver had current assets of \$1,682,260, non-current assets \$15,190,139 (including \$7,023,025 in capitalized mineral interest costs), current liabilities of \$3,564,759 and shareholders equity of \$13,307,640. Minco Silver incurred exploration costs of \$1,413,008, administration costs of \$2,336,404 and a loss of \$3,430,409 for the first nine months of 2009.

On July 22, 2008, Minco Silver announced the potential acquisition of 100% of the issued and outstanding common shares of Sterling Mining Company ("Sterling"). Among the terms of the deal is that Minco Silver has offered 0.51 of a Minco Silver share for each one of Sterling's share. The Company extended a line of credit in the amount of US\$15.0 million ("the facility") to be advanced from time to time to meet general working capital and other operating expenses to carry on Sterling's business, of which US\$5.0 million was advanced on July 30, 2008; bearing 10% simple interest plus fees and expenses.

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7. Equity Investment in Minco Silver Corporation (continued)

On August 27, 2008 the Company terminated the obligation to acquire 100% of the outstanding common shares of Sterling and the obligation to advance the additional US\$10.0 million under the line of credit, as provided in the facility.

On February 18, 2009 Minco Silver filed in the District Court of the First Judicial District of the State of Idaho, in and for the County of Shoshone an action commencing a foreclosure proceeding to foreclose on Sterling and appoint a receiver. On March 3, 2009, Minco Silver's foreclosure action was stayed in favor of Sterling's filing a voluntary petition under Chapter 11 bankruptcy code in the Bankruptcy Court for the District of Idaho.

Prior to Sterling's bankruptcy, Sterling's management and board of directors elected to terminate the Sunshine Lease and transfer possession of the Sunshine Mine (representing approximately 85% of Sterling's assets) to Sunshine Precious Metals, Inc and SNS Silver Corporation, a Vancouver based junior mineral exploration company listed on the TSX-V.

On May 15, 2009 the Court issued a Memorandum of Decision in response to a motion filed by Sterling on behalf of its creditors including Minco Silver declaring that the Sunshine Lease was not terminated and can be reassumed by Sterling and any default under the terms of the Sunshine Lease as determined by the Court may be cured.

The Court also approved, on an interim basis, a US\$1 million post petition financing offer by Minco Silver to Sterling to fund the administration costs during Sterling's bankruptcy and costs to cure any defaults under the Sunshine Lease.

Shortly after the Court declared Sterling has the right to reassume the Sunshine Mine, SNS Silver Corporation vacated the property turning over possession of the property Sunshine Precious Metals, Inc.

On August 14, 2009 the Court ordered that Sunshine Precious Metals, Inc. vacate the Sunshine Mine to allow Sterling to reassume the property as set out in the Courts Memorandum of Decision dated May 15, 2009.

On August 21, 2009 the Court declared the amount to cure and bring the Sunshine Lease to the Sunshine Mine into good standing at about US\$1.32 million.

Under the new policy Minco Silver has capitalized \$7.0 million as at September 30, 2009 compared to \$5.3 million capitalized development costs as at December 31, 2008. Minco Gold's equity share of \$7.0 million capitalized development costs is \$2.8 million.

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8. Discontinued Operations

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 Inner Mongolia Huayu-Minco Mining Co., Ltd. (HYMK) and Henan Zhongjia Minco Corporation. 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. The net operating results, net assets and net cash flows have been reported as “Discontinued Operations”.

On July 18, 2008, the Company entered into a sale agreement to dispose of its interest in HYMK. After completion of all legal requirements and approvals, the Company relinquished all managerial involvement and controls to the purchaser on October 31, 2008. Gross proceeds on disposal were RMB 7.0 million (approximately \$1.2 million).

On April 26, 2009, the Company entered into a sale agreement to dispose of its interest in Henan Zhongjia Minco Corporation. After completion of all legal requirements and approvals, the Company relinquished all managerial involvement and controls to the purchaser on May 31, 2009. Gross proceeds on disposal were RMB 2.46 million (approximately \$0.4 million).

MINCO GOLD CORPORATION

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Notes to Consolidated Financial Statements

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(in Canadian dollars)

(Unaudited)

8. Discontinued Operations (continued)

The table below indicates the assets, liabilities associated with Henan ZhongJia Minco Co., Ltd. and its discontinued operation:

	May 31, 2009	December 31, 2008
ASSETS		
Current assets		
Cash	\$ 77,043	\$ 50,880
Receivables	58,557	891
	135,600	51,771
Plant, property and equipment	45,031	44,871
	\$ 180,631	\$ 96,642
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 117,772	\$ 23,859
Long term liabilities	512,213	213,942
	629,985	237,801
Net assets of Henan Zhongjia disposed	\$ (449,354)	\$ (141,159)

Statements of Operations and Comprehensive Loss and Deficit

	Period from January 1 to May 31, 2009	Year ended December 31, 2008
Exploration costs	\$ 288,474	\$ 353,228
Administration expenses	40,688	41,910
Loss from discontinued operations	(329,162)	(395,138)
Gain on disposition	577,451	-
Earnings (loss) for the year period	\$ 248,289	\$ (395,138)

Statements of Cash Flows

	Period from January 1 to May 31, 2009	Year ended December 31, 2008
Cash provided by operating activities	\$ 17,828	\$ 27,913
Cash provided by investing activities	45,031	44,871
Increase in cash and cash equivalents	\$ 62,859	\$ 72,784

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Notes to Consolidated Financial Statements

For the nine months period ended September 30, 2009 and 2008

(in Canadian dollars)

(Unaudited)

9. Loans Payable

Mingzhong signed loan agreements with its shareholders on December 10, 2008 for RMB 30 million (\$5.53 million). The loans are unsecured, bear interest at 5.04% and are repayable on May 31, 2009. As at December 31, 2008, the Company recorded a loans payable of \$2,667,296 of the minority shareholders' loans in Mingzhong,

On May 25, 2009, Mingzhong received government approval. As a result, the loan of RMB 30 million (\$5.53 million) was converted to share capital. As a result of the conversion, \$nil balance was recorded for the minority shareholders' loan as at September 30, 2009.

As at December 31, 2008, the loans payable includes a shareholder's loan in Henan Zhongjia Minco. This loan was originated by the minority shareholder of Henan Zhongjia Minco who provided funding to the total of RMB 1.2 million (\$213,941) during the year to support the exploration activities in that company. The loan is unsecured, non-interest bearing and is repayable on demand.

On April 26, 2009, the Company entered into a sale agreement to dispose of its interest in Henan Zhongjia Minco Corporation, therefore \$nil balance of loans payable was recorded as at September 30, 2009. See Note 8 for discontinued operation.

10. Share Capital

(a) Common Stock

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

Issued:

	Number outstanding	Amount
Balance - December 31, 2008 and March 31, 2009	42,989,051	\$ 34,021,922
16,500 common shares issued at \$0.83 per share	16,500	13,755
Balance - June 30, 2009	43,005,551	\$ 34,035,677
8,333 common shares issued at \$0.48 per share	8,333	3,999
Transfer to share capital on exercise of stock option	-	2,417
Balance - September 30, 2009	43,013,884	\$ 34,042,093

Under an 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 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 December 31, 2007, all shares are released from escrow.

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Notes to Consolidated Financial Statements

For the nine months period ended September 30, 2009 and 2008

(in Canadian dollars)

(Unaudited)

10. Share Capital (continued)

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 has been charged to retained earnings.

On May 29, 2009, the Company issued 16,500 common shares at the price of \$0.83 per share for the total amounts of \$13,755.

(b) Contributed Surplus

Summary of contributed surplus is as follows:

Balance - December 31, 2008	\$	4,930,097
2009 stock-based compensation		153,938
Balance - March 31, 2009		5,084,035
2009 stock-based compensation		298,979
Balance - June 30, 2009	\$	5,383,014
2009 stock-based compensation		234,661
Transfer to share capital on exercise of stock option		(2,417)
Balance - September 30, 2009	\$	5,615,258

(c) Stock Options

The Company may grant options to its directors, officers, employees and consultants under its stock option plan. The number of common shares reserved for issuance is 5,676,167 based upon options granted and not exercised. The maximum number of common shares reserved for issuance is 15% of the issued and outstanding shares.

For the nine months ended on September 30, 2009, the Company granted 1,907,000 stock options to its directors, officers, employees and consultants at the price of \$0.48 per share. The stock options granted vest in various increments and have a maximum term of five years.

The Company recorded \$687,578 in stock based compensation expense for the first nine months of 2009 (2008 - \$785,263).

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Notes to Consolidated Financial Statements

For the nine months period ended September 30, 2009 and 2008

(in Canadian dollars)

(Unaudited)

10. Share Capital (continued)

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

	Number Outstanding	Weighted Average Exercise Price
December 31, 2008	4,725,834	\$ 1.11
Granted	1,907,000	\$ 0.48
Exercised	(8,333)	\$ 0.77
Cancelled	(653,834)	\$ 1.09
Expired	(150,000)	\$ 1.80
September 30, 2009	5,820,667	\$ 0.87

The weighted average fair value of options granted during the nine months period ended September 30, 2009 was \$0.87. Each option entitles the holder to purchase one common share.

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life (year)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$0.00 - \$1.06	4,062,000	3.56	\$0.68	2,952,338	\$0.76
\$1.07 - \$1.63	1,091,667	3.15	\$1.27	741,667	\$1.31
\$1.64 - \$2.54	567,000	1.50	\$1.67	567,000	\$1.67
\$2.55 - \$3.00	100,000	1.58	\$2.55	100,000	\$2.55
	5,820,667	3.04	\$0.87	4,261,005	\$1.02

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

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Notes to Consolidated Financial Statements

For the nine months period ended September 30, 2009 and 2008

(in Canadian dollars)

(Unaudited)

10. Share Capital (continued)

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.

	2009	2008	2007
Risk-free interest rate	1.58% - 2.61%	1.69% - 3.10%	3.95% - 4.59%
Dividend yield	0%	0%	0%
Volatility	74.76% - 90.45%	64% - 77%	86% - 104%
Approximate expected lives	5 years	5 years	5 years

11. 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 September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Rental income	\$ 31,384	\$ 16,778	\$ 67,566	\$ 51,332
Exploration costs	\$ 9,625	\$ 14,531	\$ 49,156	\$ 52,969
Management fees	7,218	11,250	30,708	19,688
Property investigation	687	938	2,979	4,687
Investor relations	3,094	1,406	6,531	7,031
Director's fees	13,500	15,250	41,000	37,250
	\$ 34,124	\$ 43,375	\$ 130,374	\$ 121,625

(b) As of September 30, 2009, \$456,951 (December 31, 2008 - \$506,569) was due from Minco Base Metals in relation to expenditures on the White Silver Mountain project and shared office expenses. The amount is unsecured, non-interest bearing and repayable on demand. The Company is related to Minco Base Metals through two common directors and three common officers. The Company provided financial assistance to fund Minco Base Metal's operation.

(c) As of September 30, 2009, \$2,858,422 (December 31, 2008 - \$1,246,282) was due from Minco Silver in relation to expenditures on the Fuwan Silver Property and shared office expenses for both offices in Vancouver and Beijing. The amount is unsecured, non-interest bearing and repayable on demand.

(d) As of September 30, 2009, receivables of \$23,953 (December 31, 2008 - \$166,872) was due from other two companies related by two common directors.

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Notes to Consolidated Financial Statements

For the nine months period ended September 30, 2009 and 2008

(in Canadian dollars)

(Unaudited)

11. Related Party Transactions (continued)

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.

12. Commitments and Contingencies

The Company has commitments in respect of office leases requiring minimum payments of \$1,258,051 as follows:

2009	\$ 56,981
2010	194,111
2011	209,254
2012	217,680
2013	230,862
2014	237,720
2015	111,443
	<hr/>
	\$ 1,258,051

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

13 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:

MINCO GOLD CORPORATION

(An exploration stage enterprise)

Notes to Consolidated Financial Statements

For the nine months period ended September 30, 2009 and 2008

(in Canadian dollars)

(Unaudited)

14. Geographic Information (continued)

	September 30, 2009	December 31, 2008
Current Assets		
Canada	\$ 2,010,725	\$ 1,945,475
China	2,798,138	4,360,190
	<u>\$ 4,808,861</u>	<u>\$ 6,305,665</u>
Long-term Assets		
Canada	\$ 2,601,958	\$ 3,813,628
China	378,175	439,132
	<u>\$ 2,980,133</u>	<u>\$ 4,252,760</u>
Current Liabilities		
Canada	\$ 121,339	\$ 192,831
China	5,357,245	8,495,976
	<u>\$ 5,478,584</u>	<u>\$ 8,688,807</u>
Loss for the year		
Canada	\$ 2,519,540	\$ 1,326,838
China	238,427	8,274,922
	<u>\$ 2,757,966</u>	<u>\$ 9,601,760</u>

The Canadian division's loss for the first nine months of 2009 included the adjustments from the Company's equity investment in Minco Silver (Minco Gold owns 40.25% of Minco Silver and has one common director). Refer to Note 8 for details of the Company's interest in Minco Silver.

15. Comparative Interim Consolidated Financial Statements

Due to the disposal of the Company's interest in Henan Zhongjia Minco in the third quarter of 2009, the audited consolidated financial statements of 2008 have been reclassified from statements previously presented to conform with the presentation of the 2009 interim consolidated financial statements.

16. Subsequent Event

On October 22, 2009, the Company closed a non-brokered private placement financing and issued a total of 5,000,000 common shares at a price of \$0.88 per common share with gross proceeds of \$4,400,000. As a result, the Company's ownership of Minco Silver is reduced to 32% on the basis of shares outstanding immediately after the closing of financing.

MINCO GOLD CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009

This management's discussion and analysis ("MD&A") of the operating results and financial position of Minco Gold Corporation and its subsidiaries ("Minco Gold" or "the Company") is for the quarter and nine months period ended September 30, 2009. The MD&A, dated November 13, 2009 should be read in conjunction with the accompanying unaudited interim consolidated financial statements and notes prepared by management for the period ended September 30, 2009 and the audited consolidated financial statements and notes prepared by management for the year ended December 31, 2008. The Company's financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). Except as noted, all financial amounts are expressed in Canadian dollars.

Management is responsible for the interim consolidated financial statements referred to in this MD&A, and provides officers disclosure certifications filed with securities commissions on SEDAR. The audit committee reviews the interim consolidated financial statements and MD&A, and recommends approval to the Company's Board of Directors.

Additional information, including the above mentioned audited consolidated financial statements for the year ended December 31, 2008 and the MD&A and annual information form (AIF) for the same period, which contain extensive disclosure of the history and properties of the Company, are available on SEDAR and may be accessed at www.sedar.com.

Company Overview

Minco Gold (TSX: MMM/NYSE Amex:MGH/FSE:MI5) was incorporated under the laws of British Columbia, Canada in 1982 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 mineral properties and projects in the People's Republic of China ("China"). Through joint ventures with various Chinese government entities and alliances with mining enterprises in China, the Company is working to build a strong portfolio of commercially viable projects in China.

The Company is in the exploration stage and has no operating revenue. Since the signing of its first co-operation agreement in China in 1996, the Company has been active in Chinese mineral exploration and property evaluation and plans to build a portfolio of precious metal properties in China. The Company has conducted exploration work on properties located in Hunan, Inner Mongolia, Guangdong and Gansu provinces of China, and investigated or evaluated many additional Chinese mineral properties.

The Company does not generate revenues and has accumulated losses since inception, is unlikely to generate earnings in the immediate future. Subsequent to the end of the period, the Company closed a private placement financing for a gross proceeds of \$4,400,000.

Properties

The Company has interests in properties through direct and indirect ownership (through wholly owned subsidiaries and through joint ventures and business combinations) as follows:

Wholly-owned subsidiaries - Minco Mining (China) Corporation ("Minco China"), Yuanling Minco Mining Ltd. ("Yuanling Minco"), Huaihua Tiancheng Mining Ltd. ("Huaihua Tiancheng") and its interests in the Longnan

- Less than Wholly-owned subsidiaries - the Company has equity interest in the following projects and joint ventures:

- 51% of a joint venture company formed and known as Guangzhou MingZhong Mining Co., Ltd. (the "MingZhong JV"), formerly "MingZhong Guangdong Minco-Jinli Mining Co. Ltd. (the "Jinli JV") - holding company for the Changkeng Gold project and the Changkeng Exploration Permit;
- 65% of a joint venture company formed and known as Inner Mongolia Damo Mining Co. Ltd. (the "Damo JV") - holding company for the Gobi Gold project
- Equity interests – as at September 30, 2009, the Company's ownership decreased to 40.25% due to the exercise of options by Minco Silver option holders. ("Minco Silver").

Changkeng Gold Project

On September 28, 2004, Minco Gold signed a 30-year joint venture contract with four other companies in Guangdong for the exploration and development of the Changkeng gold deposit in Gaoyao City of Guangdong Province, China.

The Company can now proceed with an exploration program on the Changkeng Gold Project with the granting of the business license on March 30, 2007 and the transfer of the Changkeng Exploration Permit on January 05, 2008.

In 2008 Beijing General Research Institute of Mining & Metallurgy ("BGRIMM") located in Beijing, China has completed limited metallurgical and mineralogical studies on a small metallurgical sample of the Changkeng mineralization

In March 2008, the Company reported an NI 43-101 resource estimate for the Changkeng Gold project completed by P&E Mining Consultants Inc. of Brampton, Ontario. The deposit contains an indicated gold resource of 2.1 million tonnes @ 5.61 g/t gold ("Au") for a total of 379,000 oz contained gold and an inferred gold resource of 2.2 million tonnes @ 4.82 g/t Au for a total of 333,400 oz Au.

The Company conducted a comprehensive exploration program on Changkeng project including 61 drill holes covering approximately 12,000 meters of diamond drilling; and a hydrological and geotechnical assessment on the project. All the field related work was completed toward the 2008 year end.

In March 2009, the Company reported an NI 43-101 resource estimate for the Changkeng project on the distinct and separate gold dominant and silver dominant zones was completed by P&E Mining Consultants Inc. of Brampton, Ontario in March 2009. The gold dominant deposit contains an indicated gold resource of 3.9 million tonnes @ 4.89 g/t gold ("Au") for a total of 623,100 oz contained gold and an inferred gold resource of 4.0 million tonnes @ 3.01 g/t Au for a total of 386,800 oz Au. The silver dominant deposit contains an indicated silver resource of 5.6 million tonnes @ 170.0 g/t silver ("Ag") for a total of 30,708,000 oz contained silver and an inferred silver resource of 1.06 million tonnes @ 220.0 g/t Ag for a total of 7,517,000 oz Ag.

The Company is currently working on the National Exploration Report for submission to Ministry of Land and Resources ("MOLAR").

Gobi Gold Project

Minco Gold has a 65% interest in the Damo JV.

Field programs were commenced in late May 2008. Exploration was focused on investigation of the surface distribution of the various-sized auriferous veins in the northeast extension area of the Zhula Mine. Trenching, channel sampling and chip sampling were conducted over geologically favorable areas and magnetic anomalies. A total of 165 samples were collected from trenches, abandoned mining pits and surface traverse lines, including 105 channel samples and 60 chip samples. Two parallel mineralization zones were identified between M8 and M9 magnetic anomalies. The two veins are 200-300m in length and 1-3m in width with gold grades of 1.05g/t and 1.47g/t in two trenches. The widespread, extremely high gold values in previous geochemical samples resulted from the widely but sporadically distributed high-grade silicified veins of less than 1cm to 5cm in width at surface. The exploration potential and economic significance of the

northeast extension will rely on the favorable structural preparation to increase the density of the high-grade veinlets at depth. Reprocessing of all the available raw data from previous IP programs will be arranged to further delineate and define any potential targets.

During the nine months period ended September 30, 2009, the Company did not conduct any exploration activities on the project.

Xiaoshan Project

The Xiaoshan project consists of two exploration permits, the 17.1km² Huluyu permit and the 12km² Dafangshan permit and both permits are held by the Henan Nonferrous Exploration and Mining Company ("HNEM"), a subsidiary of the Nonferrous Geological Exploration Bureau of Henan Province. Tectonically, the Xiaoshan project area sits at the Xiaoshan uplift block on the southern rim of the North China. The area also forms part of east section of the E-W trending Qinling metallogenic belt. Host rock of gold and silver mineralization is mainly composed of interbedded chlorite-albite schist, sericite-quartz-albite schist, plagioclase- amphibole schist, and biotite-plagioclase gneiss.

A total of 13 gold and silver veins have been identified on surface within the Huluyu permit.

A general review on exploration data from exploration programs organized in 2007 was conducted in April and May 2008. It was concluded that there are no significant Ag-Pb-Zn mineralization intersected within the drilling below the K3 structure, which is the expected major ore-control structure. There is no further evidence for Minco Gold's target model of high grade Ag-Pb-Zn with associated Au. Therefore, Minco Gold has decided to suspend its funding on all exploration programs in the two exploration permits and will keep the interest earned so far in the joint venture.

On April 28, 2009, the Company signed an agreement with Henan Xin Xiang Rong Investment Corporation to sell the interest in Henan Zhongjia for RMB 2.46 million (\$402,086) and received the full amount of RMB 2.46 million (\$402,086) on June 15, 2009.

Gold Bull Mountain Gold Project

The Company established a subsidiary company, Yuanling Minco for the purpose of initiating its exploration and mining activities in the major gold-producing areas in the West and Southwest Hunan province

During the first five months in 2008, 456m of underground drifting was completed at Levels 87 and 47 to explore the gold zones defined in the upper level. Some un-continuous gold mineralization zones were intersected in tunnels at Level 87. Average gold grade in these veins ranges from 0.22 to 2.55g/t. No major mineable zone was delineated at Level 47.

In the process of managing and prioritizing cash flow needs, the Company made the decision to cease all exploration programs at GBM in June 2008.

As at December 31, 2008, the Company wrote off a total of RMB 2.5 million (approximately \$358,500) recorded as the mineral interests. This is the cost of Gold Bull Mountain mining license.

Subsequent to December 31, 2008, the Company decided to explore the possibility of selling Yuanling Minco.

The Company is currently renewing the permits and evaluations to keep the permits in good standing for potential future sale.

Gansu Longnan Properties

Minco Gold's wholly-owned subsidiary, Minco China, presently holds 12 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:

Yangshan: including five exploration permits located in the northeast extension of the Yangshan gold belt and its adjacent area; potential for gold.

Yejiaba: including four exploration permits along a regional structural belt parallel to the Yangshan gold belt; potential for gold and antimony.

Xicheng East: including three exploration permits to the east extension of the famous Xicheng Pb-Zn mineralization belt; potential for gold, silver, lead and zinc.

All of these 12 exploration permits are located over regional geochemical gold anomalies with host rocks and structure similar to that at Anba and other gold deposits in the region.

Exploration was resumed in late March 2009, and in the third quarter it was focused on the following:

Reconnaissance traverses and trenching within Shajinba-Fujiawan structure in Yejiaba sub-project area.

Prospecting in Yangshan sub-project area.

Yejiaba area:

Reconnaissance traversing within a major fault zone trending 60 deg. NE in Yejiaba area discovered several mineralization showings (Shajinba zone, Yaoshang zone and Fujiawan zone) which have high potential for gold. The structure is 10.0 km long. Most significant results are as follows:

Shajinba zone. In Shajinba area, a zone of argillization and carbonatization was discovered near Shajinba village. The zone outcrops in the bottom part of stream valley. Intensity of alteration is moderate, fine pyrite inclusions and chalcocite present in the zone. True width of the zone is not less than 5.0 meters; it appears to be concordant to hosting phyllite. Another zone of silicification was found 1.0 km North. The zone coincides with a minor fault and dykes of rhyolite, both striking 80 deg. Silicification is represented by quartz veinlets 1.0 cm to 3.0 cm wide with inclusions of pyrite, arsenopyrite and antimonite. Width of the silicification zone is approximately 5.0 metres. The best grab samples taken from outcrops returned 0.26, 0.23 and 0.06 g/t Au with corresponding silver content of 155.0, 2.0 and 455.0 g/t. Channel samples taken in the same place returned 89.0 g/t Ag over 2.3 metres. Several grab samples were taken 100 metres NE from this intersection and two of them returned 37.0 g/t Ag and 833.0 g/t Ag. Most significant result achieved in Shajinba zone in the third quarter is discovery of multi-metal mineralization in vicinity of the silver zone. The new zone is hosted by massive limestone and represented by massive lead mineralization in the central part and veinlets of galena in contact zones. Observed length of the mineralization is approximately 350.0 metres, width varies from 5.0m to 25 metres. The zone has been tested by one trench, average content of metals in channel samples includes: Pb – 4.93%, Sb – 0.76% and Zn – 0.56% over 11.0 metres. Trenching is in progress.

- Yaoshang zone. One grab sample taken from silicified phyllite in early April returned 0.5 g/t Au, 12 g/t Ag and 0.13% Pb. Trenching in the area exposed a tectonic block of phyllite in limestone with numerous dykes of rhyolite. Width of the block is 100 metres. Both the phyllite and rhyolite are silicified. Two intervals 5.0 m and 6.0 metres long with gold content from 0.11 g/t to 0.64 g/t were discovered in silicified rhyolite. No works completed in the zone in the third quarter.

- Fujiawan zone. Two trenches 40m and 21m long were completed in the zone. One of them exposed strong argillization and silicification in a dyke of rhyolite. The best result is 2.0 g/t Au over 2.0 metres. No works completed in the zone in the third quarter.

Xicheng area.

Verification of soil gold anomalies in Caopingshan area and trenching in high-value spots resulted in findings of argillization and silicification zones in metasediments. Width of zones is from 1 to 5m, strike 315 to 330 deg., dip 65 degrees. Intensity of alteration is weak, pyrite and rare galena inclusions present in altered rocks. The most significant concentrations were discovered in the

trench TC1-1 on the soil sampling line XIV (the westernmost one) - continuous trench samples returned 0.43 g/t Au over 4.0 meters. The assays received for trenching samples in Caopingshan area confirm that soil anomalies correspond with elevated gold concentrations in bedrock. Totally, nine trenches were completed in the vicinity of trench TC1-1, one of them intersected a zone of weak silicification with inclusions of fine arsenopyrite, average gold content is 0.33 g/t Au over 2.3 metres. No work completed in this area in the third quarter.

Yangshan area.

Traversing in Yangshan area resulted in discovery of gold mineralization in Oujiba-Dianziping area. The new zone is located in Oujiba structure and coincides with contact between limestone and phyllite. Mineralization is represented by silicification and carbonatization with limonite and developed in both limestone and phyllite. Length of the zone is approximately 40.0 metres, width varies from 1.0m to 6.0 metres. The best results from the zone include one grab sample returning 27.9 g/t Au and one 1.0m long channel sample returning 16.9 g/t Au. Sampling in another spot located 4.0 km West in the same structure returned 0.53 g/t, 5.97 g/t and 2.48 g/t Au, verification channel sampling completed in the same place returned 0.78 g/t Au over 1.0 m. Trenching continued in-between the two mineralized spots..

Results of Operations

Exploration Costs

Exploration costs recovery, net of exploration costs, for the nine months ended September 30, 2009 were \$134,715 compared to costs of \$8,627,950 in the comparative period in 2008. The decrease is due to the recovery of exploration costs of \$1,413,008 for the Changkeng Silver Mineralization.

Pursuant to the terms of the agreement on Changkeng Silver Mineralization, the Company has assigned its right to earn 51% interest on Changkeng Silver Mineralization to Minco Silver. As a result of the assignment, Minco Silver is responsible for 51% of the costs in relation to the Changkeng Silver Mineralization. As at September 30, 2009, \$207,710 was recorded as an exploration cost recovery, which represents 51% of the incurred costs on Changkeng Silver Mineralization and paid on Minco Silver's behalf by the Company.

In 2009, the Company and Minco Silver entered into an agreement and agreed Minco Silver will share and pay 30% of the Company's 51% of the cost of the permit for the Changkeng Mineralization. Accordingly, in the nine months ended September 30, 2009, the Company recorded the receivable due from Minco Silver of \$1,205,298, and recorded it as the exploration permit costs recovery of the period.

The following is a summary of exploration costs incurred by the Company.

	Costs Incurred from January 1 to September 30, 2008	Costs Incurred from January 1 to September 30, 2009	Cumulative Costs Incurred to September 30, 2009
Currently active properties:			
Gansu			
- Longnan	\$ 499,620	\$ 1,049,691	\$ 4,616,576
Inner Mongolia			
- Gobi Gold	195,991	(11,623)	1,971,919
Guangdong			
- Changkeng	14,782,938	236,080	9,290,882
Hunan			
- Gold Bull Mountain	93,253	4,145	2,161,685
Henan			
- Xiaoshan	287,948	288,474	1,830,655
Expensed exploration cost for sold projects prior to 2009	25,470	-	869,535
Total	15,885,220	1,566,767	20,741,252
Expensed exploration costs for sold project in current period	-	(288,474)	(288,474)
Exploration cost recoveries	(25,470)	(207,710)	(1,164,613)
Expensed mining license costs	(358,500)	-	(358,500)
Expensed exploration permits	(6,611,918)	(1,205,298)	(10,408,810)
Expensed exploration costs	(8,889,332)	134,715	(8,520,855)
Capitalized mining license costs	\$ -	\$ -	\$ -

Summary of Quarterly Results

The following table summarizes selected financial information for the eight most recently completed quarters:

	2009			2008				2007
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Interest and sundry income	\$31,384	\$24,745	\$23,387	\$230,333	\$11,869	20,482	43,335	\$34,418
Net income (loss)-as reported	134,981	(998,529)	(1,316,968)	(1,349,410)	(2,313,135)	(1,317,998)	(8,283,762)	(311,368)
Net income (loss) per share – basic and diluted- as reported	(\$0.01)	(\$0.02)	(\$0.03)	(\$0.03)	(\$0.05)	(\$0.03)	(\$0.19)	(\$0.01)

* During the year ended December 31, 2008, the Company retroactively changed its accounting policy to align its policies with that of Minco Silver Corporation ("Minco Silver") a company that is accounted for using the equity method.

**The first three quarters of 2008 (2008-Q1, Q2, Q3) have been restated to give the effect of the new accounting policy and the operating results have been restated in the table above.

Administrative Expenses

The Company's administrative expenses include overhead associated with administering and financing the Company's exploration activities. In the nine months period ended September 30, 2009, after adjusting for foreign exchange loss of \$51,921 (September 30, 2008 – exchange loss \$677,894) the Company incurred a total of \$2,284,821 on administrative expenses (September 30, 2008 - \$2,942,467).

In the first nine months of 2009, the Company granted 1,907,000 stock options to its directors, officers, employees and consultants at the price range of \$0.48. The stock options granted vest in various increments and have a maximum term of five years.

The Company recorded \$687,578 of stock based compensation expense in the nine months period ended September 30, 2009.

- Consulting fees for the nine months period ended September 30, 2009 were \$165,077, compared to \$127,078 for the comparative period of 2008.
- Salaries and benefits for the nine months period ended September 30, 2009 were \$465,468, compared to \$351,256 for the comparative period. The increase is mainly a result of increase of MingZhong's management team's compensation.
- The Company incurred investor relations expense of \$109,359 for the nine months period ended September 30, 2009, compared to \$338,810 in the comparative period. The decrease is mainly due to reduced investor activities in the current period.

To date the Company has been in the exploration stage and has not earned revenue from operations. Income earned has been interest income, rental income and sundry income.

Interest income

For the nine months period ended September 30, 2009, interest income was \$11,950 (September 30, 2008 - \$57,907).

Rental income

For the nine months period ended September 30, 2009, rental income was \$67,566 (September 30, 2008 – 51,332) recorded on office space sub-let to related parties.

Marketable Securities

As at September 30, 2009, the Company held 420,000 common shares of Nanika Resources Inc. with market value of \$77,700 (December 31, 2008 - \$12,600). Management assessed the Company's marketable security holdings and determined to reclassify the shares of Nanika as long-term for consistency with management's intentions.

Financial Position

The Company's total assets at September 30, 2009 decreased to \$7.8 million (December 31, 2008 - \$10.6 million) mainly due to exploration costs and administrative expenses incurred during the nine months period ended September 30, 2009. The Company has cash and short term investments totaling \$1.3 million (December 31, 2008 - \$3.5 million) available for use. In addition, the Company has \$2.9 million due from Minco Silver and \$0.5 million due from Minco Base Metals.

Liquidity and Capital Resources

The Company does not generate revenues from operations. The Company relies on equity and debt financing for its working capital requirements to fund its exploration, investment, permitting and administrative activities. On October 22, 2009, the Company closed a private placement financing with gross proceed of \$4.4 million. The management believes that the Company is sufficiently funded for its current and future foreseeable activities.

Cash Flow

Operating Activities

The comprehensive loss for the nine months period ended September 30, 2009 was a total of \$3,321,059 which was partially offset by amortization expenses of \$97,713, stock based compensation of \$687,578 and equity loss on the investment in Minco Silver of \$1,381,494 in reaching the amount of a \$629,347 cash used in operating activities, compared to \$1,972,432 in the comparative period of 2008. The decrease in cash used in this period is mainly due to the reduction of exploration activities.

Financing Activities

In the first three quarter of 2009, the Company issued 16,500 common shares at \$0.83 per share and 8,333 stock options were exercised at \$0.77 per share in generating cash totaling \$17,754, .

At the nine months ended September 30, 2009, payments in the amounts of \$2,667,296 were made to Mingzhong's minority shareholders and \$213,941 was made to Henan Zhongjia Minco's shareholder.

On May 25, 2009, Mingzhong received government approval. As a result, the loan of RMB 30 million (\$5.53 million) was converted into share capital.

On April 26, 2009, the Company entered into a sale agreement to dispose of its interest in Henan Zhongjia Minco Corporation.

Investing Activities

At the nine months period ended September 30, 2009, the Company disposed of short-term investments at the amount of \$921,654 to support its exploration and administrative activities, and incurred \$68,264 for new equipments. The amount advanced to Minco Silver was increased by \$1,612,140, including exploration cost recovery of \$207,710 on Changkeng Silver Mineralization. In aggregate, the cash used in investing activities at the nine months period ended September 30, 2009 was \$758,750 compared to the cash generated \$6,285,445 in the comparative period of 2008.

Available Resources

The Company's cash and short-term investments as at September 30, 2009 were \$1.3 million (December 2008 - \$3.5 million).

Accounts Payable and Accrued Liabilities

The remaining balance payable for the exploration permit of RMB 29 million (\$5.04 million) has been accrued in the December 31, 2008 financial statements as due to 757 Exploration Team. Minco China is responsible for its 51% shareholder contribution to MingZhong in the amount of RMB 14.8 million (\$2.57 million) and the minority shareholders are responsible for their 49% shareholder contribution to MingZhong in the amount of RMB 14.2 million (\$2.47 million). As of the date of this MD&A, the amount is not yet paid.

Investment in Minco Silver Corporation

The Company owns 13,000,000 common shares (representing 40.25% as at September 30, 2009) of Minco Silver that was acquired in 2004 in exchange for the transfer of the Fuwan property and the silver interest in the Changkeng property.

Minco Silver's principal business is the acquisition, exploration and development of silver dominant natural resource properties in Asia, particularly in China. This business is and will be conducted through joint ventures with Chinese governmental entities and other entities. Minco Silver's principal property is the Fuwan Property located in Guangdong Province, China.

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 September 30, 2008 of \$1,375,604. As a result of the exercise of options by certain Minco Silver option holders during the nine months ended September 30, 2009, the ownership interest in Minco Silver was further reduced to 40.25%.

On July 22, 2008, Minco Silver announced the potential acquisition of 100% of the issued and outstanding common shares of Sterling Mining Company ("Sterling"). Among the terms of the deal is that Minco Silver has offered 0.51 of a Minco Silver share for each one of Sterling's share. The Company extended a line of credit in the amount of US\$15.0 million ("the facility") to be advanced from time to time to meet general working capital and other operating expenses to carry on Sterling's business, of which US\$5.0 million was advanced on July 30, 2008; bearing 10% simple interest plus fees and expenses.

On August 27, 2008 the Company terminated the obligation to acquire 100% of the outstanding common shares of Sterling and the obligation to advance the additional US\$10.0 million under the line of credit, as provided in the facility.

On February 18, 2009 Minco Silver filed in the District Court of the First Judicial District of the State of Idaho, in and for the County of Shoshone an action commencing a foreclosure proceeding to foreclose on Sterling and appointing a receiver. On March 3, 2009 Minco Silver's foreclosure action was stayed in favor of Sterling's filing a voluntary petition under Chapter 11 bankruptcy code in the Bankruptcy Court for the District of Idaho.

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, 2009</u>	<u>December 31, 2008</u>
Investment in Minco Silver Corporation on an equity basis	<u>\$2,411,468</u>	<u>\$ 3,675,116</u>
Market value of Minco Silver shares owned	<u>\$25,220,000</u>	<u>\$ 18,460,000</u>

As of September 30, 2009, Minco Silver had current assets of \$1,682,260, non-current assets \$15,190,139 (including \$7,023,025 in capitalized mineral interest costs), current liabilities of \$3,564,759 and shareholders equity of \$13,307,640. Minco Silver incurred exploration costs of \$1,413,008, administration costs of \$2,336,404 and a loss of \$3,430,409 for the first nine months of 2009.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Outlook

The current economic environment has prompted the Company to reduce or cease activities within Canada and China that are not focused on its prime assets and stopped or suspended work on non-core properties to preserve its cash position.

The Company will be required to raise additional funds to support its strategic goals in 2009, with the focus of the Company being on progressing the work on the Changkeng Gold project and further exploration on the Longnan projects where field programs have been planned for the higher potential areas and a drill program has been prepared for the Yangshanli property to follow up on the discovery made during 2008. Field work will also be conducted in the Yejiaba, Yangshan and Xicheng areas.

Share Capital

Under the original escrow agreement escrow shares were to be released based on the Company's expenditures on exploration and development of a particular resource properties and as at December 31, 2007, all shares have been released from escrow.

On May 29, 2009, the Company issued 16,500 common shares at \$0.83 per share for a total proceed of \$13,755.

During the third quarter, 8,333 stock options were exercised at \$0.77 per share.

As at the date of this MD&A, the Company has 48,013,884 common shares and 5,820,667 stock options outstanding.

At December 31, 2008 the Company had 42,989,051 common shares and 4,725,834 stock options outstanding.

Contractual Obligations and Contingencies

The Company has commitments in respect of office leases requiring minimum payments of \$1,258,051 as follows:

2009	\$ 56,981
2010	194,111
2011	209,254
2012	217,680
2013	230,862
2014	237,720
2015	111,443
	\$ 1,258,051

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

Transactions with Related Parties

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

	Three Months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Rental income	\$ 31,384	\$ 16,778	\$ 67,566	\$ 51,332
Exploration costs	\$ 9,625	\$ 14,531	\$ 49,156	\$ 52,969
Management fees	7,218	11,250	30,708	19,688
Property investigation	687	938	2,979	4,687
Investor relations	3,094	1,406	6,531	7,031
Director's fees	13,500	15,250	41,000	37,250
	\$ 34,124	\$ 43,375	\$ 130,374	\$ 121,625

(b) As of September 30, 2009, \$465,951 (December 31, 2008 - \$506,569) was due from Minco Base Metals in relation to expenditures on the White Silver Mountain project and shared office expenses. The amount is unsecured, non-interest bearing and repayable on demand. The Company is related to Minco Base Metals through two common directors and three common officers. The Company provided financial assistance to fund Minco Base Metal's operation.

(c) As of September 30, 2009, \$2,858,422 (December 31, 2008 - \$1,246,282) was due from Minco Silver in relation to expenditures on the Fuwan Silver Property and shared office expenses for both offices in Vancouver and Beijing. The amount is unsecured, non-interest bearing and repayable on demand.

(d) As of September 30, 2009, receivables of \$23,953 (December 31, 2008 - \$166,872) were due from other two companies 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.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements requires management to make various judgments with respect to estimates and assumptions. On an ongoing basis, management regularly reevaluates its estimates and assumptions; however actual amounts could differ from those based on such estimates and assumptions.

The Company follows the fair value method, as determined using the Black-Scholes option valuation model, of accounting for stock-based compensation as recommended by the Canadian Institute of Chartered Accountants Handbook Section 3870, Stock-based compensation and other stock-based payments. Under the fair value method, compensation cost is measured at fair value at the date of grant and is expensed over the award's vesting period.

The Company is required to make estimates of future production costs, future gold commodity pricing, and currency exchange fluctuations in the process of testing the impairment of its assets.

In testing the impairment of its mineral interests the Company is evaluating its resources and extended determination of gold reserves which requires a number of assumptions and estimations, including geological sampling and modeling as well as estimates of future gold prices

and future production costs. Estimates of the resources and ultimately the estimates of reserves may change based on additional information obtained subsequent to the assessment date. This may include data obtained from exploration drilling, significant changes in the price of gold and changes in estimates of the cost of production. A change in the estimate of reserves could result in a change in the rate of depletion, development amortization, or impairment of the resources, resulting in a write down.

In the opinion of management, none of the accounting estimates reflect matters that are highly uncertain at the time the accounting estimate is made or that would have a material impact on the Company's financial condition, changes in financial condition or results of operation.

Changes in Accounting Policies

The Company's significant accounting policies are described in Note 2 and 3 to the December 31, 2008 audited financial statements. There have been no changes to the Company's accounting policies in the current period.

Accounting Changes

Goodwill and Intangible Assets

On January 1, 2009, the Company adopted the recommendations included in Section 3064, "Goodwill and Intangible Assets," of the CICA Handbook, which replaced CICA Section 3062, "Goodwill and Other intangible Assets". The adoption of this Section has had no material impact on the Company's financial statements.

Mining Exploration Costs

Effective March 27, 2009, the Company adopted the Emerging Issues Committee ("EIC") Abstract 174, "Mining Exploration Costs". This standard provides guidance on the capitalization of exploration costs related to mining properties, in particular, and on impairment of long-lived assets. The adoption of this standard did not have a significant impact on the Company's financial statements.

New Canadian Accounting Standards

In February 2008, the CICA Accounting Standards Board ("CICA") confirmed that the use of International Financial Reporting Standards ("IFRS") will be required in 2011 for public companies in Canada (i.e., IFRS will replace Canadian GAAP for public companies). The official changeover date will apply for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company is continuing to assess the impact of the implementation of IFRS.

Section 1582, Business Combinations, 1601, Consolidations and 1602, Non-controlling interests

In January 2009, the CICA issued these new sections to replace Section 1582, "Business Combinations" and Section 1600, "Consolidated Financial Statements." Section 1582 will apply to a transaction in which the acquirer obtains control of one or more businesses (as defined in the Section). Most assets acquired and liabilities assumed, including contingent liabilities that are considered to be improbable, will be measured at fair value. A bargain purchase will result in the recognition of a gain. Acquisition costs will be expensed. Any non-controlling interest will be recognized as a separate component of shareholders' equity and net income will be allocated between the controlling and non-controlling interests. These new standards will apply to fiscal years beginning on or after January 1, 2011. The Company does not believe that these new Sections will have an impact on its financial statements unless the Company enters into a business acquisition subsequent to January 1, 2011.

expenditures are payable in either U.S. dollars or the Chinese currency RMB, there exist foreign currency risks arising from changes in exchange rates with the Canadian dollar. The Company maintains its excess cash in Canadian based assets. The Company does not hedge its foreign currency fluctuations.

Interest rate risk – The interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market interest rates. Cash and short-term investments entered into by the Company bear interest at a fixed rate thus exposing it to the risk of changes in fair value arising from interest rate fluctuations. Short term investments are invested in high grade, highly liquid instruments and the Company exposes itself to variable interest rate fluctuations.

Internal Controls over Financial Reporting

There has been no significant change in the Company's internal control over financial reporting during the first nine months of 2009 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Internal Control over Financial Reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance in the reliability of the Company's financial information and the preparation of the audited financial statements. The design includes policies and procedures that:

1. Pertains to the maintenance of records;
2. Provide reasonable assurance that the transactions are recorded accurately and that the receipts and expenditures are made in accordance with the authorizations of management and directors; and
3. Provide reasonable assurance in the prevention and timely detection of material unauthorized acquisition, use or disposal of the Company's assets.

The Company has a limited number of staff and it is not always possible to achieve a complete segregation of incompatible duties. Management attempts to mitigate the risk of any material misstatement occurring through compensating controls and the "hands-on" involvement and knowledge of the senior management, however, a control system, no matter how well designed and functioning, can only provide reasonable, not absolute assurance the objectives of the control system are met.

Management's evaluation of the effectiveness of internal controls identified some material deficiencies in the financial reporting process as of September 30, 2009. Specifically, due to the smaller nature of the Company, there was a lack of effective segregation of duties where responsibilities for the preparation, entry and approval of accounting transactions were shared in some locations. In addition, there was a lack of consistency in the application of the Company's standardized, formal policies and procedures around the financial closing and reporting of financial results; the Company did not have the required complement of personnel throughout the year (with appropriate levels of accounting knowledge, experience and training in the application of Canadian generally accepted accounting principles).

Management has concluded that the Company did have some material financial reporting weaknesses which have impacted its ability to maintain effective internal control over financial reporting as at the three months ended September 30, 2009 based on the criteria set forth in the Committee of Sponsoring Organization of the Treadway Commission framework.

Remediation of Material Weaknesses

To address the material weaknesses described above, management has started a project to redesign the financial reporting process with a view to evaluating and designing an implementation strategy of the redesigned process as part of the first two quarters 2009, with the expected redesigned process being implemented though the third quarter of 2009.

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") has set January 1, 2011 as the date for publicly-listed companies to adopt IFRS, replacing Canadian GAAP. Accordingly, IFRS compliant financial statements will be required for the first quarter of 2011. Comparative figures presented in these financial statements are also required to comply with IFRS.

During the quarter ended September 30, 2009, the Company initiated an IFRS diagnostic study to assess the impact of the transition to IFRS on the Company's accounting policies and to establish a project plan to implement IFRS. A number of key accounting areas where IFRS differs and accounting alternatives were to be reviewed. The Company has planned to start the process to make a determination of the impact of transition to IFRS on its financial statements and systems, if any, during the first quarter of 2010. This second phase of the conversion plan will include detailed assessments and technical analysis that will result in understanding potential impacts, decisions on accounting policy choices and the drafting of accounting policies. The Company expects this phase to be completed in the first half of 2010. The final phase of implementation and transitioning to IFRS is being planned for 2010. Training of Company personnel is continuing with the assistance of external advisors.

Subsequent Event

On October 22, 2009, the Company closed a non-brokered private placement financing and issued a total of 5,000,000 common shares at a price of \$0.88 per common share for gross proceeds of \$4,400,000. As a result, the Company's ownership of Minco Silver is reduced to 32% on the basis of shares outstanding as of the date of this MD&A.

Cautionary Statement on Forward-Looking Information

This MD&A, which contains certain forward-looking statements, are intended to provide readers with a reasonable basis for assessing the financial performance of the Company. All statements, other than statements of historical fact, are forward-looking statements. The words “believe”, “expect”, “anticipate”, “contemplate”, “target”, “plan”, “intends”, “continue”, “budget”, “estimate”, “may”, “will”, “schedule” and similar expressions identify forward looking statements. Forward-looking statements are necessarily based upon a number of estimates and assumptions that, while considered reasonable by the Company, are inherently subject to significant business, economic and competitive uncertainties and contingencies. Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements. Such factors include, but are not limited to, fluctuations in the currency markets such as Canadian dollar, Chinese RMB and U.S. dollar, fluctuations in the prices of gold, silver and other commodities, changes in government legislation, taxation, controls, regulations and political or economic developments in Canada, the United States, or China or other countries in which the Company carries or may carry on business in the future, risks associated with mining or development activities, the speculative nature of exploration and development, including the risk of obtaining necessary licenses and permits, and quantities or grades of reserves. Many of these uncertainties and contingencies can affect the Company’s actual results and could cause actual results to differ materially from those expressed or implied in any forward-looking statements made by, or on behalf of, the Company.

Readers are cautioned that forward-looking statements are not guarantees of future performance. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those acknowledged in such statements. Specific reference is made to the Company's most recent Annual Information Form on file with Canadian provincial securities regulatory authorities for a discussion of some of the factors underlying forward-looking statements.

The Company disclaims any intention or obligation to update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except to the extent required by applicable laws.

Dr. Ken Z. Cai
November 13, 2009