INTER-CITIC MINERALS INC.
(A DEVELOPMENT STAGE COMPANY)

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian dollars)

November 30, 2009 and 2008

Management's Responsibility for Financial Statements

February 23, 2010

Management is responsible for the preparation of the consolidated financial statements and other financial information relating to the Company included in this report. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles in Canada and necessarily include amounts based on estimates and judgments of management.

The Company has developed and maintains a system of internal control to provide reasonable assurance that financial information is accurate and reliable.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, an independent firm of Chartered Accountants appointed by the shareholders. Their report outlines the scope of their examination and expresses an opinion on the consolidated financial statements.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. In furtherance of the foregoing, the Board has appointed an Audit Committee composed of three independent directors. The Committee meets with the independent auditors to discuss the results of their audit and audit report prior to submitting the consolidated financial statements to the Board of Directors for its consideration and approval for issuance to shareholders. On the recommendation of the Audit Committee, the Board of Directors has approved the Company's consolidated financial statements.

"James J. Moore"

James J. Moore
President and Chief Executive Officer

"Lou Pasubio"

Lou Pasubio, C.A.
Vice-President, Finance and Chief Financial Officer

PRICEWATERHOUSECOOPERS

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February 23, 2010

Auditors' Report

To the Shareholders of
Inter-Citic Minerals Inc.

We have audited the consolidated balance sheets of **Inter-Citic Minerals Inc.** as at November 30, 2009 and 2008 and the consolidated statements of shareholders' equity, operations, comprehensive loss and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at November 30, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Accountants, Licensed Public Accountants

INTER-CITIC MINERALS INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED BALANCE SHEETS
(Expressed in Canadian dollars)

	November 30, 2009	November 30, 2008
ASSETS		
Current		
Cash and cash equivalents **(Note 3)**	$ 7,376,567	$ 9,500,805
Amounts receivable	159,271	297,093
Prepaid expenses and other	78,254	107,688
	7,614,092	**9,905,586**
Restricted cash **(Note 6)**	703,643	5,461,215
Resource properties (**Notes 7, 13**)	44,623,582	34,853,752
Property, plant and equipment **(Note 8)**	2,358,348	2,852,320
	$ 55,299,665	**$ 53,072,873**
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 4,190,891	$ 5,063,833
	4,190,891	**5,063,833**
Future income taxes **(Note 12)**	6,109,000	4,936,000
	10,299,891	**9,999,833**
SHAREHOLDERS' EQUITY		
Share capital **(Note 11 (b))**	78,161,312	74,117,237
Share purchase warrants **(Note 11 (c))**	767,830	230,400
Contributed surplus	6,994,878	5,769,128
Deficit	(40,924,246)	(37,043,725)
	44,999,774	**43,073,040**
	$ 55,299,665	**$ 53,072,873**

NATURE OF OPERATIONS AND GOING CONCERN (Note 1)

COMMITMENTS (Notes 7, 10)

Approved by the Board of Directors:

"Mark R. Frederick" "James J. Moore"

Mark R. Frederick
Director

James J. Moore
Director

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

INTER-CITIC MINERALS INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Expressed in Canadian dollars)

	Common Shares					
	Number	Amount	Share Purchase Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance as at November 30, 2007 before investment in own shares	**67,579,912**	**$ 49,570,802**	**$ 2,122,589**	**$ 4,425,669**	**$ (33,274,862)**	**$ 22,844,198**
Investment in own shares	(116,500)	(133,023)	-	-	-	(133,023)
Balance as at November 30, 2007	**67,463,412**	**49,437,779**	**2,122,589**	**4,425,669**	**(33,274,862)**	**22,711,175**
Issued for cash, net of cash issue costs	8,000,000	14,896,951	-	-	-	14,896,951
Issued for cash pursuant to exercise of share purchase warrants	6,497,927	7,816,727	-	-	-	7,816,727
Issued for cash pursuant to exercise of stock options	535,000	412,800	-	-	-	412,800
Fair value of share purchase warrants issued	-	(230,400)	230,400	-	-	-
Fair value of stock options exercised	-	271,000	-	(271,000)	-	-
Fair value of share purchase warrants exercised	-	1,512,380	(1,512,380)	-	-	-
Fair value of share purchase warrants expired	-	-	(610,209)	610,209	-	-
Stock-based compensation expense on unexercised vested stock options	-	-	-	1,004,250	-	1,004,250
Loss for the year ended November 30, 2008	-	-	-	-	(3,768,863)	(3,768,863)
Balance as at November 30, 2008	**82,496,339**	**74,117,237**	**230,400**	**5,769,128**	**(37,043,725)**	**43,073,040**
Issued for cash, net of cash issue costs	6,666,000	4,678,882	-	-	-	4,678,882
Fair value of share purchase warrants issued	-	(767,830)	767,830	-	-	-
Fair value of share purchase warrants expired	-	-	(230,400)	230,400	-	-
Disposition of investment in own shares	116,500	133,023	-	-	(52,638)	80,385
Stock-based compensation expense on unexercised vested stock options	-	-	-	995,350	-	995,350
Loss for the year ended November 30, 2009	-	-	-	-	(3,827,883)	(3,827,883)
Balance as at November 30, 2009	**89,278,839**	**$ 78,161,312**	**$ 767,830**	**$ 6,994,878**	**$ (40,924,246)**	**$ 44,999,774**

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

INTER-CITIC MINERALS INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF OPERATIONS, COMPREHENSIVE LOSS AND DEFICIT
(Expressed in Canadian dollars)

	For the year ended November 30, 2009	For the year ended November 30, 2008
Expenses		
Stock-based compensation **(Note 11 (d))**	$ 816,350	$ 806,250
Executive compensation	715,354	826,220
Office and rent	573,784	652,572
Corporate relations	529,435	775,578
Salaries and benefits	452,713	261,335
Travel and accommodation	347,159	450,506
Depreciation and amortization	297,718	175,697
Professional fees	186,204	335,684
Foreign currency exchange	41,925	(52,888)
	3,960,642	**4,230,954**
Other		
Interest and other	(132,759)	(462,091)
Loss and Comprehensive Loss for the year	**3,827,883**	**3,768,863**
Deficit, beginning of year	37,043,725	33,274,862
Loss on disposition of investment in own shares	52,638	-
Deficit, end of year	**$ 40,924,246**	**$ 37,043,725**
Loss per share - basic and diluted	**$ 0.05**	**$ 0.05**
Weighted average number of common shares outstanding	**83,195,231**	**79,313,619**

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

INTER-CITIC MINERALS INC.
(A DEVELOPMENT STAGE COMPANY)
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	For the year ended November 30, 2009	For the year ended November 30, 2008
Cash provided by (used in):		
Operating activities		
Loss for the year	$ (3,827,883)	$ (3,768,863)
Adjustments for:		
Depreciation and amortization	297,718	175,697
Stock-based compensation **(Note 11 (d))**	816,350	806,250
	(2,713,815)	**(2,786,916)**
Amounts receivable	137,822	(92,482)
Prepaid expenses and other	29,434	(59,502)
Accounts payable and accrued liabilities	218,529	(24,120)
Changes in non-cash working capital balances	**385,785**	**(176,104)**
	(2,328,030)	**(2,963,020)**
Financing activities		
Issuance of shares and warrants **(Note 11)**	4,759,267	23,126,478
Investing activities		
Restricted cash **(Note 6)**	4,757,572	(2,782,775)
Resource properties **(Notes 7, 13)**	(8,081,424)	(12,393,619)
Property, plant and equipment **(Note 8)**	(140,152)	(1,576,051)
Change in accounts payable and accrued liabilities	(1,091,471)	2,760,551
	(4,555,475)	**(13,991,894)**
(Decrease)/increase in cash and cash equivalents for the year	**(2,124,238)**	**6,171,564**
Cash and cash equivalents, beginning of year	9,500,805	3,329,241
Cash and cash equivalents, end of year (Note 3)	**$ 7,376,567**	**$ 9,500,805**
Supplemental Information:		
Stock-based compensation exercised	$ -	$ 271,000
Share purchase warrants exercised	$ -	$ 1,512,380
Issuance of share purchase warrants to brokers	$ 115,988	$ 230,400

The accompanying Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

1. Nature of Operations and Going Concern

Inter-Citic Minerals Inc. (the "Company") is a development stage company engaged in the acquisition, exploration and development of exploration stage mineral properties. The Company has entered into earn-in agreements to acquire exploration properties, the Dachang Gold Project in the Province of Qinghai, and the Zalantun Gold Project in the Inner Mongolia Autonomous Region, in the People's Republic of China ("China").

These financial statements have been prepared using Canadian generally accepted accounting principles ("Canadian GAAP") applicable to a going concern, which assumes continuity of operations and realization of assets and settlement of liabilities in the normal course of business for the foreseeable future which is at least one year from November 30, 2009. However, the Company is in the development stage and is subject to the risks and challenges similar to other companies in a comparable stage of development. These risks include, but are not limited to, dependence on key individuals, successful development and the ability to secure adequate financing to meet the minimum capital required to successfully develop economically recoverable reserves, complete the project and continue as a going concern.

To date, the Company has not found any proven reserves or engaged in any production on any of its properties, and there is no guarantee that this will occur in the future. Mineral resource exploration and development is extremely risky and speculative by nature, as there is no guarantee that mineral deposits will be found and, even if they are, that they can be mined economically. In the event that exploration on the properties, confirmation of the Company's interest in the underlying mineral claims, the Company's ability to obtain appropriate financing to put these properties into production, and profitability of future production, especially with respect to the Dachang Gold Project, are not successful, assets may not be realized or liabilities discharged at their carrying values, and these differences could be material.

The ability of the Company to continue as a going concern will be dependent upon the ability of the Company to raise additional financing and carry out its business plan. As at November 30, 2009, the Company has available working capital of approximately $4 million, and reported a net loss of $3,827,883 for the year ($3,768,863 for the year ended November 30, 2008) and an accumulated deficit of $40,924,246 ($37,043,725 as at November 30, 2008). This circumstance casts significant doubt as to the ability of the Company to continue in business and meet its obligations as they come due. These financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and balance sheet classifications that would be necessary were the going concern assumption inappropriate. These adjustments could be material.

Management is considering various alternatives, including a number of initiatives to raise additional capital. However, as at the date of this report the Company has not secured further financing to raise sufficient capital to fund ongoing operations and commitments to projects. It is not possible to determine with certainty the success or adequacy of these initiatives.

2. Changes in Accounting Policies

(a) Changes in Accounting Policies

CICA Handbook Section 1400, General Standards of Financial Statement Presentation

On December 1, 2008, the Company adopted The Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1400, General Standards of Financial Statement Presentation, which was amended to include the criteria for determining and presenting the Company's ability to continue as a going concern. This Standard did not affect the Company's consolidated financial position or results of operations.

CICA Handbook Section 3064, Goodwill and Intangible Assets

On December 1, 2008, the Company adopted CICA Handbook Section 3064, Goodwill and Intangible Assets, which establishes revised standards for recognition, measurement, presentation and disclosure of goodwill and intangible assets. Concurrent with the introduction of this standard, the CICA withdrew Emerging Issues Committee Abstract ("EIC") 27, Revenues and Expenses During the Pre-Operating Period. As a result of the withdrawal of EIC-27, the Company will no longer be able to defer preproduction and start-up costs at new mine operations. These standards did not affect the Company's provided disclosures, consolidated financial position or results of operations.

EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

On December 1, 2008, the Company adopted EIC-173, Credit Risk and the Fair Value of Financial Assets and Financial Liabilities. CICA Handbook Section 3855, Financial Instruments - Recognition and Measurement, requires certain financial assets and financial liabilities to be measured at fair value. EIC-173 states that an entity's own credit risk and the credit risk of the counterparties should be taken into account in determining the fair values. As a result, the Company reviewed the financial assets and financial liabilities as of December 1, 2008, taking into account both the Company's credit risk and the counterparties' credit risk. These standards did not affect the Company's provided disclosures, consolidated financial position or results of operations for the current or prior periods.

(Expressed in Canadian dollars)

EIC-174, Mining Exploration Costs

On March 27, 2009 the EIC of the CICA approved EIC-174, Mining Exploration Costs, which provides guidance on capitalization of exploration costs related to mining properties in particular, and on impairment of long-lived assets in general. There was no impact on the Company's consolidated financial statements or accounting policies as a result of applying this abstract.

(b) Recent Accounting Pronouncements

The following Canadian accounting pronouncements were issued and have not yet been adopted by the Company:

CICA Handbook Section 1582, Business Combinations

CICA Handbook Section 1582, Business Combinations will replace Section 1581, Business Combinations and establishes standards for the accounting for a business combination. The Section applies prospectively to business combinations for which the acquisition date is on or after October 1, 2011. Earlier application is permitted.

CICA Handbook Section 1601, Consolidated Financial Statements and Section 1602, Non-controlling Interests

CICA Handbook Section 1601, Consolidated Financial Statements and Section 1602, Non-Controlling Interests together replace Section 1600, Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. The sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after October 1, 2011. Earlier adoption is permitted as of the beginning of a fiscal year. Although optional, none of these changes has been adopted for the preparation of the Company’s consolidated financial statements for the year ended November 30, 2009.

3. Summary of Significant Accounting Policies

Principles of Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries as follows:

(a) Inter-Citic Holdings Ltd. (100% owned), a company incorporated in the Cayman Islands
(b) Techmat Inc. (100% owned), a company incorporated in the Republic of Mauritius
(c) Bay Roberts Resources Ltd. (98% owned), a company incorporated in British Columbia, Canada

All material inter-company balances have been eliminated.

Financial Instruments - Recognition and Measurement

The Company classifies all financial instruments as held-to-maturity, available-for-sale, held-for-trading, loans and receivables, or other financial liabilities. Financial assets held-to-maturity, loans and receivables and other financial liabilities other than those held-for-trading, are measured at amortized cost. Instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized on the consolidated statements of operations.

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, restricted cash and accounts payable and accrued liabilities, as follows:

Cash	Held-for-trading
Cash equivalents	Held-to-maturity
Amounts receivable	Loans and receivables
Restricted cash	Held-for-trading
Accounts payable and accrued liabilities	Other financial liabilities

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments and the fair values of these financial instruments, unless otherwise noted, approximate their carrying values due to their short-term nature.

(Expressed in Canadian dollars)

Comprehensive Income or Loss

Comprehensive income or loss is the change in shareholders' equity during a period from transactions and events from sources other than the Company's shareholders. The Company reports a consolidated statement of comprehensive income or loss and accumulated other comprehensive income or loss is added to the shareholders' equity section of the consolidated balance sheet when components to be recognized in comprehensive income or loss exist. There were no components to be recognized in comprehensive income or loss during fiscal 2009 and fiscal 2008. As the Company has no items of comprehensive income or loss, loss for both years is equivalent to comprehensive loss.

Foreign Currency Translation

The accounts of the foreign operations have been translated using the temporal method for foreign integrated operations. All of the Company's balances and transactions are translated into the Company's measurement currency, the Canadian dollar, as follows: monetary assets and liabilities are translated at the exchange rates in effect at the consolidated balance sheet dates; non-monetary assets and liabilities are translated at rates prevailing at the respective transaction dates. Revenues and expenses are translated at average rates prevailing during the period, except for depreciation and amortization related to assets, which are translated at historical exchange rates. Translation gains and losses are reflected in the consolidated statements of operations.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term interest bearing investments with maturities of 90 days or less from the date of acquisition. Cash and cash equivalents comprise the following consolidated balance sheet amounts:

	November 30, 2009	November 30, 2008
Cash on hand and balances with banks	$ 706,567	$ 775,805
Short-term interest bearing investments	6,670,000	8,725,000
	$ 7,376,567	$ 9,500,805

Interest from cash and cash equivalents is recorded on an accrual basis.

Resource Properties

The Company considers its exploration costs to have the characteristics of property, plant and equipment. Costs associated with acquisition, direct exploration and development of resource properties are capitalized, pending commencement of production, at which time they will be amortized over the estimated production life. The Company assesses its capitalized resource property costs on a regular basis. If capitalized expenditures on individual resource properties exceed the estimated net recoverable amount, the properties are written down to the estimated fair value. Costs related to resource properties abandoned are written off when the decision to abandon is made.

The Company is in the process of exploring its resource property interests. Amounts reflected in the consolidated financial statements reflect cost to date and may not represent future value to the Company. No mineral reserves have been determined to exist on these properties. Therefore, the recoverability of the amounts reflected is dependent on future successful exploration and development of the resource properties.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost less depreciation and amortization calculated as follows:

Leasehold improvements	Three years, straight-line
Office equipment	10%-33% declining balance
Exploration equipment	20%-30% declining balance

An impairment charge is recognized for long-lived assets when an event or change in circumstances causes an asset's carrying value to exceed the total undiscounted cash flows expected from its use and eventual disposition. The impairment loss is calculated as the difference between the fair value of the asset and its carrying value.

Income Taxes

Income taxes are calculated using the asset and liability method. Future income taxes are recognized for the future income tax consequences attributable to differences between the carrying values of assets and liabilities and their respective income tax bases. The benefit of future income tax assets is only recognized where their realization is judged to be more likely than not. Future income tax assets and liabilities are measured using income tax rates and laws expected to apply to taxable income in the years in which temporary differences are expected to be recovered or settled. A valuation allowance is provided against future income tax assets to the extent it is considered not likely that the future income tax assets will be realized.

Stock-based Compensation Plan

The Company has one stock-based compensation plan, which is described in **Note 11 (d)**. The Company accounts for stock-based compensation in accordance with CICA Handbook 3870 (Stock Based Compensation and Other Stock-Based Payments) and recognizes stock-based compensation based on the fair value method of accounting. Under this method, the fair value of stock-based compensation is determined based on the Black-Scholes valuation model and is recognized based on vesting of stock options granted under the stock option plan. Amounts recognized are expensed or capitalized and credited to contributed surplus. Consideration received on exercise of stock options is credited to share capital.

Per Share Amounts

Loss per share has been computed by dividing loss applicable to common shareholders by the weighted average number of common shares outstanding during the respective periods. The Company follows the treasury stock method in the calculation of diluted loss per share. Under the treasury stock method, the weighted average number of common shares outstanding used for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive stock options and warrants are used to repurchase common shares at the average market price during the period. Since the Company has losses, the exercise of outstanding stock options and warrants has not been included in this calculation as it would be anti-dilutive.

Use of Estimates

The preparation of consolidated financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amount of expenses and other income during the reporting period. Actual results could differ from those estimates.

Comparative Figures

Certain comparative figures have been reclassified to conform with the presentation of the current year.

4. Capital Management

The Company's objective when managing capital, which the Company defines as shareholders' equity, is to safeguard its accumulated capital in order to provide an adequate return to shareholders by maintaining a sufficient level of funds, in order to support continued exploration, development and eventual production and maintenance at the Dachang Gold Project and to acquire, explore and develop other precious and base metal deposits.

The Company manages its capital structure and makes adjustments to it, based on the level of funds available to the Company to manage its operations. In order to maintain or adjust the capital structure, the Company expects that it will be able to obtain equity financing, long-term debt, equipment-based financing and/or project-based financing sufficient to maintain and expand its operations. There are no assurances that these initiatives will be successful.

In order to achieve these objectives, the Company invests its unutilized capital in highly liquid, highly rated financial instruments.

5. Financial Risk Factors

The Company's risk exposures and the impact on the Company's financial instruments are summarized below:

Liquidity Risk

The Company has sufficient funds to settle current and long-term liabilities. However, the Company has no source of operating cash flow to fund its exploration and development projects. Any further significant work would likely require additional equity or debt financing. The Company has limited financial resources and there is no assurance that additional funding will be available to allow the Company to fulfill its obligations on existing or future exploration projects. Failure to obtain additional financing could result in delay or indefinite postponement of further exploration, and the possible partial or total loss of the Company’s interests in all or some of its properties.

Market Risk

(a) Interest Rate and Credit Risk

The Company has significant cash balances and no interest bearing debt. The Company's current policy is to invest excess cash in short-term deposit certificates issued by the banks with which it keeps its bank accounts. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar. The Company's operations, however, are located in China where many exploration and administrative expenses are incurred in the local currency, the Chinese renminbi. China's control over its currency and hence the Company's ability to advance funds to China (for capital investment or operations) is subject to changes in the valuation of the renminbi as well as rules and regulations of the Chinese government. Fluctuations in the value of the renminbi may have an adverse affect on the operations and operating costs of the Company.

Sensitivity Analysis

As at November 30, 2009, the carrying amounts of financial instruments approximate their fair market values.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible":

(a) Cash and cash equivalents include deposits at call and short-term interest bearing investments with maturities of 90 days or less from the date of acquisition, and bear interest at floating interest rates. Sensitivity by a plus or minus 1% change in rates would affect net loss by approximately $74,000 (2008 - $95,000)

(b) The Company held the following balances in foreign currency:

	November 30, 2009		November 30, 2008	
	US dollars	Chinese renminbi	US dollars	Chinese renminbi
Cash and cash equivalents	$ 557,593	¥ -	$ 576,100	¥ -
Amounts receivable	-	596,883	-	343,623
Restricted cash	-	295,896	-	227,255
Accounts payable and accrued liabilities	(175,370)	(21,811,062)	(336,956)	(25,961,681)
	$ 382,223	¥ (20,918,283)	$ 239,144	¥ (25,390,803)
Equivalent in Canadian dollars	$ 405,921	$ (3,254,885)	$ 296,539	$ (4,621,126)

Sensitivity by a plus or minus 1% change in foreign currency exchange rates would affect net loss by approximately $25,000 (2008 - $50,000).

6. Restricted Cash

Restricted cash relates to advances held in China, primarily in Canadian dollars, and committed to continuing exploration of the Dachang Gold Project **(Note 7)**.

7. Resource Properties

The Company is involved in exploration in China through earn-in agreements, whereby it provides 100% of the funding in order to earn a controlling interest in certain projects.

Dachang Gold Project

On November 14, 2003, the Company entered into an earn-in agreement with the Qinghai Geological Survey Institute regarding the Dachang Gold Project in the Province of Qinghai, China. On November 24, 2009, the Chinese party to the agreement was changed to the No. 5 Geology and Mineral Exploration Institute, a company that shares the same parent company as that of the Qinghai Geological Survey Institute. Under the terms of this agreement, the Company can earn an 83% interest in the project by contributing the equivalent of approximately $16,619,600 (renminbi 110,000,000) for exploration (of which $13,516,400 was advanced as at November 30, 2009 and the balance of which was advanced prior to the end of the first quarter of fiscal 2010), completion of metallurgical and pre-feasibility reports, and making a cash payment of the equivalent of approximately $1,556,000 (renminbi 10,000,000) on the issuance of all applicable licenses, permits and approvals required to bring the project into production.

(Expressed in Canadian dollars)

The Company also has the option to acquire an additional 7% interest in the project, based on the valuation of any potential mining project contained in a pre-feasibility report, for a total interest of 90%. The No. 5 Geology and Mineral Exploration Institute will retain a carried interest in the project. As part of the agreement, the Company also has a right of first refusal on any mineral exploration project for which the No. 5 Geology and Mineral Exploration Institute seeks foreign investment.

8. Property, Plant and Equipment

	November 30, 2009			November 30, 2008		
	Cost	Accumulated Depreciation and Amortization	Net	Cost	Accumulated Depreciation and Amortization	Net
Leasehold improvements	$ 43,790	$ (38,278)	$ 5,512	$ 43,790	$ (36,262)	$ 7,528
Office equipment	87,845	(70,087)	17,758	87,845	(63,091)	24,754
Exploration equipment	4,108,287	(1,773,209)	2,335,078	4,012,107	(1,192,069)	2,820,038
	$ 4,239,922	**$ (1,881,574)**	**$ 2,358,348**	**$ 4,143,742**	**$ (1,291,422)**	**$ 2,852,320**

9. Related Party Transactions

The Company paid or accrued management and other compensation to six directors of $508,679 during the year (2008 - $573,657 to five directors). This compensation is in the normal course of operations and is measured at the exchange amount, which is the the amount of consideration established and agreed to by the parties.

10. Lease Commitment

The Company has entered into a lease for office space to 2014 with minimum lease payments as follows:

2010	$ 86,038
2011	$ 88,419
2012	$ 89,214
2013	$ 89,214
2014	$ 22,303

11. Share Capital, Share Purchase Warrants, Stock-based Compensation Plan and Contributed Surplus

(a) Authorized

Unlimited number of common shares, without par value.

(b) Issued and Outstanding

See consolidated statements of shareholders' equity.

Private Placement (October 2009)

In October 2009, the Company completed a non-brokered private placement financing for gross proceeds of $4,999,500, consisting of 6,666,000 units of the Company at a price of $0.75 per unit. Each unit consisted of one common share and one half of one share purchase warrant. Each whole share purchase warrant entitles the holder to acquire one common share of the Company at a price of $1.45 for a period of two years from the date of issue. The Company evaluated the fair value of share purchase warrants using the following valuation assumptions: expected life - 24 months; expected volatility - 93.74%; risk-free interest rate - 1.54%; and dividend rate - 0%.

As part of this financing transaction, the Company paid finder's fees of $299,970 in cash and 399,960 share purchase warrants. Each share purchase warrant warrant entitles the holder to purchase one additional common share at $0.75 for a period of one year from the date of issue. The Company evaluated the fair value of share purchase warrants using the Black-Scholes valuation model with the following valuation assumptions: expected life - 12 months; expected volatility - 101.48%; risk-free interest rate - 0.59%; dividend rate - 0%.

Consideration received, after cash finder's fees and costs of $320,618 and the estimated fair value of finder's warrants of $115,988, has been allocated to common shares and share purchase warrants in the amounts of $3,911,052 and $651,842 ($767,830 in aggregate), respectively.

Private Placement (February 2008)

In February 2008, the Company completed a private placement financing for gross proceeds of $16,000,000, consisting of 8,000,000 common shares of the Company at a price of $2.00 per common share.

The Company paid a cash commission of $960,000 and issued 480,000 share purchase warrants to brokers (the "Brokers' Warrants") in connection with this financing. Each Broker's Warrant entitled the holder to acquire one common share of the Company at a price of $2.00 for a period of one year from the date of issue. The Company evaluated the fair value of share purchase warrants using the Black-Scholes valuation model using the following valuation assumptions: expected life - 12 months; expected volatility - 67.16%; risk-free interest rate - 3.75%; dividend rate - 0%.

Consideration received has been allocated to common shares after fees and commissions of $1,103,049 and the estimated fair value of Brokers' Warrants of $230,400.

(c) Share Purchase Warrants

The following is a summary of the Company's outstanding share purchase warrants:

	Number	Value	Weighted Average Exercise Price
Balance, November 30, 2007	**9,302,337**	**$ 2,122,589**	**(i)**
Issued	480,000	230,400	2.00
Exercised	(6,497,927)	(1,512,380)	1.20
Expired	(2,804,410)	(610,209)	2.25
Balance, November 30, 2008	**480,000**	**230,400**	**2.00**
Issued	3,732,960	767,830	1.38
Expired	(480,000)	(230,400)	2.00
Balance, November 30, 2009	**3,732,960**	**$ 767,830**	**$ 1.38**

(i) These share purchase warrants included 2,793,900 share purchase warrants that entitled the holder to acquire one common share of the Company at a price of $1.95 for a period of one year from the date of issue and, thereafter, at a price of $2.25 until 18 months from the date of issue. The weighted average exercise price of share purchase warrants, excluding these 2,793,900 share purchase warrants was $1.20.

(d) Stock-based Compensation Plan

The Company has one stock-based compensation plan as at November 30, 2009, a common share purchase option plan for directors, officers, employees and consultants of the Company (the “Plan”). Options under the Plan are typically granted in such numbers as to reflect the level of responsibility of the particular optionee and his or her contribution to the business and activities of the Company, typically vest immediately and have a two- to five-year term. Except in specified circumstances, options are not assignable and terminate following the optionee's ceasing to be employed by or associated with the Company.

On August 3, 2006, the Company's common shares were listed on the Toronto Stock Exchange (prior to August 3, 2006, the Company's common shares were listed on the TSX Venture Exchange) and are traded in Canadian dollars. The following is a summary of the Company's outstanding stock options:

	November 30, 2009		November 30, 2008	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of year	4,120,000	$ 1.27	4,130,000	$ 1.02
Granted	2,800,000	0.56	1,075,000	1.78
Exercised	-	-	(535,000)	0.77
Expired	(1,600,000)	1.09	(300,000)	0.81
Cancelled	(150,000)	1.76	(250,000)	1.00
Outstanding, end of year	**5,170,000**	**$ 0.92**	**4,120,000**	**$ 1.27**
Exercisable, end of year	**5,170,000**	**$ 0.92**	**4,120,000**	**$ 1.27**

(Expressed in Canadian dollars)

The following table summarizes information about options outstanding and exercisable as at November 30, 2009:

	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price
Price range per option			
Less than $0.61	2,460,000	4.61	$ 0.50
From $0.61 to $0.80	25,000	4.76	0.72
From $0.81 to $1.00	1,260,000	1.87	0.92
From $1.01 to $1.20	50,000	0.84	1.14
From $1.21 to $1.40	-	-	-
From $1.41 to $1.60	400,000	2.37	1.45
From $1.61 to $1.80	875,000	2.88	1.76
Higher than $1.80	100,000	3.19	1.95
Overall	**5,170,000**	**3.41**	**$ 0.92**

Prior to listing its common shares on the Toronto Stock Exchange, the Company occasionally issued stock options with an exercise price that was below the market price of the common shares on the grant date, as was permitted by the TSX Venture Exchange. In addition, the Company may issue stock options with an exercise price that is higher than the market price of the common shares on the grant date. The following is a summary of weighted average exercise prices and weighted average fair values for stock options issued whose exercise price equals, exceeds or is less than the market price of the common shares on the grant date.

	Exercise Price Exceeds Market Price	Exercise Price Equals Market Price	Exercise Price is below Market Price	**Total**
November 30, 2009				
Number issued	50,000	2,750,000	-	**2,800,000**
Weighted average exercise price	$ 1.75	$ 0.54	$ -	**$ 0.56**
Weighted average fair value	$ 0.13	$ 0.36	$ -	**$ 0.36**
November 30, 2008				
Number issued	100,000	975,000	-	**1,075,000**
Weighted average exercise price	$ 1.95	$ 1.76	$ -	**$ 1.78**
Weighted average fair value	$ 1.11	$ 0.92	$ -	**$ 0.93**

During the year ended November 30, 2009, the Company recognized $995,350 (2008 - $1,004,250) as stock-based compensation and included this amount in contributed surplus. Of this amount, $179,000 was capitalized to resource properties (2008 - $198,000).

The fair value of options issued was estimated on the date of grant using the Black-Scholes valuation model based on the following weighted average valuation assumptions:

	November 30, 2009	November 30, 2008
Expected life:	4.9 years	4.2 years
Expected volatility:	92.80%	66.11%
Risk-free interest rate:	2.35%	3.48%
Dividend rate:	0%	0%

(Expressed in Canadian dollars)

12. Income Taxes

The Company's provision for recovery of income tax has been calculated as follows:

	November 30, 2009	November 30, 2008
Loss for the year	$ 3,827,883	$ 3,768,863
Income tax recovery at Canadian federal and provincial statutory rates	$ 1,264,796	$ 1,270,798
Permanent differences	(320,037)	(383,080)
Increase in valuation allowance	(944,759)	(887,718)
Provision for recovery of income tax	**$ -**	**$ -**

Significant components of the Company's future income tax assets and liabilities as at November 30, 2009 and 2008 are as follows:

	November 30, 2009	November 30, 2008
Future income tax assets:		
Capital assets	$ (224,000)	$ (137,000)
Non-capital losses carried forward	6,729,000	6,860,000
Share issue costs	664,000	837,000
Other temporary differences	17,000	21,000
Gross future income tax asset	7,186,000	7,581,000
Valuation allowance	(7,186,000)	(7,581,000)
Net future income tax asset	-	-
Future income tax liability:		
Deferred acquisition and exploration costs	6,109,000	4,936,000
Gross future income tax liability	6,109,000	4,936,000
Net future income tax liability	**$ 6,109,000**	**$ 4,936,000**

The Company recorded full valuation allowances in respect of its Canadian losses and other attributes as at November 30, 2009 because management believes that future income tax assets have not met the "more likely than not" recognition threshold. For certain payments in relation to mineral resource property interests the Company records a future income tax liability and a corresponding adjustment to the related asset carrying amounts. During the year the Company recorded a future income tax liability and a corresponding adjustment to resource properties of $1,173,000 (2008 - $1,896,000).

The Company has available losses of approximately $26,916,000 that may be carried forward to reduce future years' income for tax purposes, as follows:

2010	$ 3,185,000
2014	$ 3,037,000
2015	$ 1,767,000
2026	$ 3,992,000
2027	$ 5,986,000
2028	$ 4,551,000
2029	$ 4,398,000

(Expressed in Canadian dollars)

13. Segmented Information

The Company's activities are in one reportable operating segment, being the acquisition of exploration stage mineral resource properties and exploration and development of those properties.

(a) Resource Properties and Property, Plant and Equipment by Geographic Region

	November 30, 2009	November 30, 2008
China	$ 46,958,660	$ 37,673,790
Canada	23,270	32,282
	$ 46,981,930	**$ 37,706,072**

(b) Acquisition Costs and Exploration Costs by Resource Property

	For the year ended November 30, 2009			
	Balance as at November 30, 2008	Additions during the year	Expensed during the year	Balance as at November 30, 2009
Dachang Gold Project				
Acquisition costs:	**$ 282,729**	**$ -**	**$ -**	**$ 282,729**
Exploration costs:				
Drilling	13,993,500	3,700,872	-	17,694,372
Consulting	3,850,223	1,355,752	-	5,205,975
Camp	2,789,264	845,643	-	3,634,907
Assays and metallurgy	2,530,807	371,949	-	2,902,756
Trenching	1,710,580	270,112	-	1,980,692
Administrative and other	1,175,741	342,715	-	1,518,456
Travel and accommodation	1,191,334	252,161	-	1,443,495
Depreciation	738,041	321,586	-	1,059,627
Geological	759,383	845,657	-	1,605,040
Mapping	399,329	46,923	-	446,252
Stock-based compensation **(Note 11 (d))**	198,000	179,000	-	377,000
Professional fees	298,821	64,460	-	363,281
	29,635,023	**8,596,830**	**-**	**38,231,853**
Future income tax liability	**4,936,000**	**1,173,000**	**-**	**6,109,000**
All resource properties	**$ 34,853,752**	**$ 9,769,830**	**$ -**	**$ 44,623,582**

INTER-CITIC MINERALS INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED NOVEMBER 30, 2009 AND 2008
(Expressed in Canadian dollars)

(b) Acquisition and Exploration Costs by Resource Property, continued

	For the year ended November 30, 2008			
	Balance as at November 30, 2007	Additions during the year	Expensed during the year	Balance as at November 30, 2008
Acquisition costs:	**$ 282,729**	**$ -**	**$ -**	**$ 282,729**
Exploration costs:				
Drilling	7,157,785	6,835,715	-	13,993,500
Consulting	2,494,952	1,355,271	-	3,850,223
Camp	1,730,305	1,058,959	-	2,789,264
Assays and metallurgy	1,314,236	1,216,571	-	2,530,807
Trenching	1,180,204	530,376	-	1,710,580
Administrative and other	599,702	576,039	-	1,175,741
Travel and accommodation	817,374	373,960	-	1,191,334
Depreciation	461,136	276,905	-	738,041
Geological	592,492	166,891	-	759,383
Mapping	226,469	172,860	-	399,329
Stock-based compensation **(Note 11 (d)**	-	198,000	-	198,000
Professional fees	228,455	70,366	-	298,821
	16,803,110	**12,831,913**	**-**	**29,635,023**
Future income tax liability	**3,040,000**	**1,896,000**	**-**	**4,936,000**
All resource properties	**$ 20,125,839**	**$ 14,727,913**	**$ -**	**$ 34,853,752**