

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

**CONSOLIDATED FIRST QUARTER**  
**INTERIM FINANCIAL STATEMENTS (UNAUDITED)**  
**(Expressed in Canadian dollars)**

**February 28, 2011 and 2010**

**INTER-CITIC MINERALS INC.**

Suite 501, 60 Columbia Way  
Markham, Ontario  
CANADA L3R 0C9

April 8, 2011

**To the shareholders of Inter-Citic Minerals Inc.:**

The accompanying unaudited interim consolidated financial statements of Inter-Citic Minerals Inc. (the Company) have been prepared by and are the responsibility of the management of the Company.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

Sincerely,

"James J. Moore"

James J. Moore  
President & CEO

"Lou Pasubio"

Lou Pasubio, C.A.  
Vice-President, Finance & CFO

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

	February 28, 2011	November 30, 2010
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents (Note 3)	\$ 4,512,886	\$ 5,820,247
Amounts receivable	183,685	336,964
Prepaid expenses and other	65,223	511,762
	<b>4,761,794</b>	<b>6,668,973</b>
Restricted cash (Note 4)	5,717,042	5,828,398
Resource properties (Notes 5, 8)	60,283,189	59,673,599
Property, plant and equipment	2,177,071	2,300,085
	<b>\$ 72,939,096</b>	<b>\$ 74,471,055</b>
<b>LIABILITIES</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 4,263,136	\$ 4,843,926
	<b>4,263,136</b>	<b>4,843,926</b>
Future income taxes	10,051,000	9,917,000
	<b>14,314,136</b>	<b>14,760,926</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 7 (b))	96,950,439	96,781,039
Share purchase warrants (Note 7 (c))	651,842	651,842
Contributed surplus	9,359,116	9,424,016
Deficit	(48,336,437)	(47,146,768)
	<b>58,624,960</b>	<b>59,710,129</b>
	<b>\$ 72,939,096</b>	<b>\$ 74,471,055</b>

**COMMITMENTS (Note 5)**

*Approved by the Board of Directors:*

<p>"Mark R. Frederick"</p> <p><b>Mark R. Frederick</b> <i>Director</i></p>	<p>"James J. Moore"</p> <p><b>James J. Moore</b> <i>Director</i></p>
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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 (UNAUDITED)**  
**(Expressed in Canadian dollars)**

	Common Shares		Share Purchase Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
	Number	Amount				
<b>Balance as at November 30, 2009</b>	<b>89,278,839</b>	<b>\$ 78,161,312</b>	<b>\$ 767,830</b>	<b>\$ 6,994,878</b>	<b>\$ (40,924,246)</b>	<b>\$ 44,999,774</b>
Issued for cash, net of cash issue costs	16,000,000	18,032,627	-	-	-	18,032,627
Issued for cash pursuant to exercise of share purchase warrants	120,000	90,000	-	-	-	90,000
Fair value of share purchase warrants exercised	-	34,800	(34,800)	-	-	-
Fair value of share purchase warrants expired	-	-	(81,188)	81,188	-	-
Issued for cash pursuant to exercise of stock options	390,000	282,250	-	-	-	282,250
Fair value of stock options exercised	-	180,050	-	(180,050)	-	-
Stock-based compensation on unexercised vested stock options	-	-	-	2,528,000	-	2,528,000
Loss for the year ended November 30, 2010	-	-	-	-	(6,222,522)	(6,222,522)
<b>Balance as at November 30, 2010</b>	<b>105,788,839</b>	<b>96,781,039</b>	<b>651,842</b>	<b>9,424,016</b>	<b>(47,146,768)</b>	<b>59,710,129</b>
Issued for cash pursuant to exercise of stock options	110,000	104,500	-	-	-	104,500
Fair value of stock options exercised	-	64,900	-	(64,900)	-	-
Loss for the period ended February 28, 2011	-	-	-	-	(1,189,669)	(1,189,669)
<b>Balance as at February 28, 2011</b>	<b>105,898,839</b>	<b>\$ 96,950,439</b>	<b>\$ 651,842</b>	<b>\$ 9,359,116</b>	<b>\$ (48,336,437)</b>	<b>\$ 58,624,960</b>

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

	For the three months ended February 28, 2011	For the three months ended February 28, 2010
<b>Expenses</b>		
Corporate relations	\$ 488,998	\$ 94,664
Salaries and benefits	377,819	749,229
Office and rent	184,703	149,230
Depreciation and amortization	123,687	106,666
Travel and accommodation	64,798	102,442
Professional fees	79,837	103,884
Foreign currency exchange	(114,893)	(26,854)
Stock-based compensation (Note 7 (d))	-	1,428,750
	<b>1,204,949</b>	<b>2,708,011</b>
<b>Other</b>		
Interest and other	(15,280)	(5,813)
<b>Loss and Comprehensive Loss for the period</b>	<b>1,189,669</b>	<b>2,702,198</b>
Deficit, beginning of period	47,146,768	40,924,246
<b>Deficit, end of period</b>	<b>\$ 48,336,437</b>	<b>\$ 43,626,444</b>
<b>Loss per share - basic and diluted</b>	<b>\$ 0.01</b>	<b>\$ 0.03</b>
<b>Weighted average number of common shares outstanding</b>	<b>105,845,061</b>	<b>89,278,839</b>

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**INTER-CITIC MINERALS INC.**  
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**CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)**  
**(Expressed in Canadian dollars)**

	For the three months ended February 28, 2011	For the three months ended February 28, 2010
<b>Cash provided by (used in):</b>		
<b>Operating activities</b>		
Loss for the period	\$ (1,189,669)	\$ (2,702,198)
Adjustments for:		
Depreciation and amortization	123,687	106,666
Stock-based compensation ( <b>Note 7 (d)</b> )	-	1,428,750
	<b>(1,065,982)</b>	<b>(1,166,782)</b>
Amounts receivable	153,279	(38,133)
Prepaid expenses and other	446,539	22,860
Accounts payable and accrued liabilities	99,449	(389,756)
Changes in non-cash working capital balances	<b>699,267</b>	<b>(405,029)</b>
	<b>(366,715)</b>	<b>(1,571,811)</b>
<b>Financing activities</b>		
Issuance of shares ( <b>Note 7</b> )	104,500	-
<b>Investing activities</b>		
Restricted cash ( <b>Note 4</b> )	111,356	(1,139,271)
Resource properties ( <b>Notes 5, 8</b> )	(475,590)	(646,873)
Property, plant and equipment	(673)	(1,488)
Change in accounts payable and accrued liabilities	(680,239)	(2,526,073)
	<b>(1,045,146)</b>	<b>(4,313,705)</b>
<b>Decrease in cash and cash equivalents for the period</b>	<b>(1,307,361)</b>	<b>(5,885,516)</b>
Cash and cash equivalents, beginning of period	5,820,247	7,376,567
<b>Cash and cash equivalents, end of period (<b>Note 3</b>)</b>	<b>\$ 4,512,886</b>	<b>\$ 1,491,051</b>

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

**INTER-CITIC MINERALS INC.**  
**(A DEVELOPMENT STAGE COMPANY)**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)**  
**FOR THE THREE MONTHS ENDED FEBRUARY 28, 2011 AND 2010**  
**(Expressed in Canadian dollars)**

**1. Nature of Operations**

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 an earn-in agreement in respect of an exploration property, the Dachang Gold Project, in the Province of Qinghai in the People's Republic of China (China).

To date, the Company has not found any proven reserves or engaged in any production on the property, 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 property, confirmation of the Company's interest in the underlying mineral claims, the Company's ability to obtain appropriate financing to put the property into production, and profitability of future production are not successful, assets may not be realized or liabilities discharged at their carrying values, and these differences could be material.

**2. Basis of Presentation**

The accompanying unaudited interim consolidated financial statements have been prepared by the Company in accordance with Canadian generally accepted accounting principles (GAAP). Preparation of the financial statements is based on accounting policies and practices consistent with those used in the preparation of the audited annual consolidated financial statements. The accompanying unaudited interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended November 30, 2010. These unaudited interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

**3. Summary of Significant Accounting Policies**

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on deposit with banks and highly liquid short-term interest bearing investments. Cash and cash equivalents comprise the following consolidated balance sheet amounts:

	February 28, 2011	November 30, 2010
Cash on hand and balances with banks	\$ 222,886	\$ 140,247
Short-term interest bearing investments	4,290,000	5,680,000
	<u>\$ 4,512,886</u>	<u>\$ 5,820,247</u>

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 when facts and circumstances suggest that the carrying value exceeds the estimated net recoverable amount. 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 abandoned resource properties 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 the property. Therefore, the recoverability of the amounts reflected is dependent on future successful exploration and development of the resource property.

**Stock-based Compensation Plan**

The Company has one stock-based compensation plan, which is described in **Note 7 (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 over the vesting period of the 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.

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**FOR THE THREE MONTHS ENDED FEBRUARY 28, 2011 AND 2010**  
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**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.

**4. 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 5**).

**5. Resource Properties**

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

**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 \$22,517,300 (renminbi 150,000,000) for exploration (all of which was advanced as at February 28, 2011), completion of metallurgical and pre-feasibility reports, and making a cash payment of the equivalent of approximately \$1,484,000 (renminbi 10,000,000) on the issuance of all applicable licences, permits and approvals required to bring the project into production.

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.

**6. Related Party Transactions**

The Company paid or accrued management and other compensation to five directors of \$144,238 during the quarter (2010 - \$375,811 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.

**7. 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.

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**Zijin Investment (April 2010)**

On April 20, 2010, the Company completed a private placement of 16,000,000 common shares with Zijin Mining Group Co. Ltd. (Zijin) at \$1.16 per common share for gross proceeds of \$18,560,000. Legal and advisory fees of \$527,373 were incurred but no commissions or finder's fees were paid in relation to this private placement.

Under the terms of an agreement among the Company, Zijin and ICBC Credit Suisse Asset Management Company Limited, a Chinese Qualified Domestic Institutional Investor (the Agreement), Zijin has a participating right that will enable it to maintain an equity level of up to 19.9% of the outstanding common shares of the Company by participating in future equity financings until the earlier of the date on which Zijin holds less than 19% of the outstanding common shares of the Company and 42 months from April 19, 2010 (the Participation Period). During the Participation Period, the Company has also agreed to nominate one individual, on behalf of Zijin, for election to the Company's board of directors. The Agreement also provides that Zijin will not, for 24 months (subject to change of control or a change in management), vote against management in respect of certain matters set out in the Agreement.

The common shares issued in connection with this private placement were subject to a four month statutory hold period under applicable securities legislation. In addition, for 12 months from April 19, 2010, Zijin shall not without the prior written consent of the Company sell, transfer, dispose of or otherwise trade or lend, encumber, transfer or assign for the purpose of short selling, any shares other than in connection with certain change of control transactions. Zijin has also agreed, for a period of 24 months from April 19, 2010 to a standstill provision under which it will not, among other things, make any offer to acquire securities of the Company without the consent of the board of directors.

**(c) Share Purchase Warrants**

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

	Number	Value	Weighted Average Exercise Price
<b>Balance, November 30, 2009</b>	<b>3,732,960</b>	<b>\$ 767,830</b>	<b>\$ 1.38</b>
Exercised	(120,000)	(34,800)	0.75
Expired	(279,960)	(81,188)	0.75
<b>Balance, November 30, 2010 and February 28, 2011</b>	<b><u>3,333,000</u></b>	<b><u>651,842</u></b>	<b>\$ 1.45</b>

As at February 28, 2011 the weighted average remaining life of the Company's outstanding share purchase warrants was 0.66 years.

**(d) Stock-based Compensation Plan**

The Company has one 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.

The following is a summary of the Company's outstanding options:

	February 28, 2011		November 30, 2010	
	Number	Weighted Average Exercise Price	Number	Weighted Average Exercise Price
Outstanding, beginning of period	7,905,000	\$ 0.98	5,170,000	\$ 0.92
Granted	-	-	3,650,000	1.07
Exercised	(110,000)	0.95	(390,000)	0.72
Expired	-	-	(525,000)	1.26
<b>Outstanding, end of period</b>	<b><u>7,795,000</u></b>	<b><u>\$ 0.98</u></b>	<b><u>7,905,000</u></b>	<b><u>\$ 0.98</u></b>
<b>Exercisable, end of period</b>	<b><u>7,795,000</u></b>	<b><u>\$ 0.98</u></b>	<b><u>7,905,000</u></b>	<b><u>\$ 0.98</u></b>

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The following table summarizes information about options outstanding and exercisable as at February 28, 2011:

	Number Outstanding	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price
Price range per option			
Less than \$0.61	2,245,000	3.36	\$ 0.50
From \$0.61 to \$0.80	25,000	3.52	0.72
From \$0.81 to \$1.00	3,500,000	3.37	0.95
From \$1.21 to \$1.40	710,000	4.18	1.31
From \$1.41 to \$1.60	400,000	1.12	1.45
From \$1.61 to \$1.80	815,000	2.73	1.76
Higher than \$1.80	100,000	1.94	1.95
	<u>7,795,000</u>	<u>3.24</u>	<u>\$ 0.98</u>

**8. 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**

	February 28, 2011	November 30, 2010
China	\$ 62,444,878	\$ 61,957,129
Canada	15,382	16,555
	<u>\$ 62,460,260</u>	<u>\$ 61,973,684</u>

**(b) Acquisition Costs and Exploration Costs**

	Balance as at November 30, 2009	Additions During the Year	Balance as at November 30, 2010	Additions During the Period	Balance as at February 28, 2011
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**Dachang Gold Project**

<b>Acquisition costs:</b>	<u>\$ 282,729</u>	<u>\$ -</u>	<u>\$ 282,729</u>	<u>\$ -</u>	<u>282,729</u>
<b>Exploration costs:</b>					
Drilling	17,694,372	4,821,877	22,516,249	-	22,516,249
Consulting	5,205,975	1,847,452	7,053,427	263,518	7,316,945
Camp	3,634,907	1,259,645	4,894,552	-	4,894,552
Assays and metallurgy	2,902,756	692,799	3,595,555	-	3,595,555
Administrative and other	1,518,456	623,222	2,141,678	142,422	2,284,100
Trenching	1,980,692	239,516	2,220,208	-	2,220,208
Travel and accommodation	1,443,495	326,091	1,769,586	39,917	1,809,503
Geological	1,605,040	121,005	1,726,045	-	1,726,045
Depreciation	1,059,627	319,234	1,378,861	-	1,378,861
Stock-based compensation	377,000	751,750	1,128,750	-	1,128,750
Mapping	446,252	136,168	582,420	6,000	588,420
Professional fees	363,281	103,258	466,539	23,733	490,272
	<u>38,231,853</u>	<u>11,242,017</u>	<u>49,473,870</u>	<u>475,590</u>	<u>49,949,460</u>
<b>Future income tax liability</b>	<u>6,109,000</u>	<u>3,808,000</u>	<u>9,917,000</u>	<u>134,000</u>	<u>10,051,000</u>
	<u>\$ 44,623,582</u>	<u>\$ 15,050,017</u>	<u>\$ 59,673,599</u>	<u>\$ 609,590</u>	<u>\$ 60,283,189</u>

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**(Expressed in Canadian dollars)**

**9. Subsequent Events**

**Issuance of Stock Options**

Subsequent to the quarter, the Company issued 1,615,000 stock options at an exercise price of \$1.88 to employees, directors and consultants of the Company. These stock options have been valued at approximately \$1,963,000 and vest immediately with a 5 year term. The fair value of these stock options was estimated using the Black-Scholes valuation model based on the following weighted average valuation assumptions:

Expected life:	5 years
Expected volatility:	78.60%
Risk-free interest rate:	2.76%
Dividend rate:	0%