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

INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

May 31, 2012 and 2011

INTER-CITIC MINERALS INC.
Suite 501, 60 Columbia Way
Markham, Ontario
CANADA L3R 0C9

July 13, 2012

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"	"Lou Pasubio"
James J. Moore President & CEO	Lou Pasubio, C.A. Vice-President, Finance & CFO

INTER-CITIC MINERALS INC.
(A DEVELOPMENT STAGE COMPANY)
INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)
(Expressed in Canadian dollars)

	May 31, 2012	November 30, 2011	December 1, 2010
ASSETS			
Current			
Cash and cash equivalents	$ 347,890	$ 732,412	$ 5,820,247
Short-term investments	6,850,000	10,500,000	-
Amounts receivable	251,815	397,481	336,964
Other current assets	26,114	29,691	511,762
	7,475,819	**11,659,584**	**6,668,973**
Non-current			
Restricted cash	1,874,787	7,781,905	5,828,398
Resource properties (**Note 6**)	64,172,400	62,473,971	49,756,599
Property, plant and equipment	1,678,422	1,848,156	2,300,085
TOTAL ASSETS	**$ 75,201,428**	**$ 83,763,616**	**$ 64,554,055**
LIABILITIES			
Current			
Accounts payable and accrued liabilities	$ 1,665,627	$ 8,176,420	$ 4,843,926
	1,665,627	**8,176,420**	**4,843,926**
EQUITY			
Share capital	115,042,838	115,042,838	96,781,039
Share purchase warrants	2,442,989	3,357,471	651,842
Contributed surplus	11,909,016	10,994,534	9,424,016
Deficit	(55,859,042)	(53,807,647)	(47,146,768)
	73,535,801	**75,587,196**	**59,710,129**
TOTAL LIABILITIES AND EQUITY	**$ 75,201,428**	**$ 83,763,616**	**$ 64,554,055**

COMMITMENTS (Note 6 and 9)

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

Approved by the Board of Directors:

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

Mark R. Frederick
Director

James J. Moore
Director

INTER-CITIC MINERALS INC.
(A DEVELOPMENT STAGE COMPANY)
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
(Expressed in Canadian dollars)

	Common Shares					
	Number	Amount	Share Purchase Warrants	Contributed Surplus	Deficit	Total Equity
Balance as at December 1, 2010	**105,788,839**	**$ 96,781,039**	**$ 651,842**	**$ 9,424,016**	**$ (47,146,768)**	**$ 59,710,129**
Issued for cash pursuant to exercise of stock options	682,174	605,263	-	-	-	605,263
Fair value of stock options exercised	-	361,822	-	(361,822)	-	-
Stock-based compensation on unexercised stock options	-	-	-	1,963,840	-	1,963,840
Loss and comprehensive loss for the period	-	-	-	-	(3,881,179)	(3,881,179)
Balance as at May 31, 2011	**106,471,013**	**$ 97,748,124**	**$ 651,842**	**$ 11,026,034**	**$ (51,027,947)**	**$ 58,398,053**
Issued for cash, net of cash issue costs	11,052,632	19,657,703	-	-	-	19,657,703
Fair value of share purchase warrants issued	-	(2,442,989)	2,442,989	-	-	-
Fair value of share puchase warrants extended	-	-	262,640	-	(262,640)	-
Issued for cash pursuant to exercise of stock options	50,000	48,500	-	-	-	48,500
Fair value of stock options exercised	-	31,500	-	(31,500)	-	-
Loss and comprehensive loss for the period	-	-	-	-	(2,517,060)	(2,517,060)
Balance as at November 30, 2011	**117,573,645**	**$ 115,042,838**	**$ 3,357,471**	**$ 10,994,534**	**$ (53,807,647)**	**$ 75,587,196**
Fair value of share purchase warrants expired	-	-	(914,482)	914,482	-	-
Loss and comprehensive loss for the period	-	-	-	-	(2,051,395)	(2,051,395)
Balance as at May 31, 2012	**117,573,645**	**$ 115,042,838**	**$ 2,442,989**	**$ 11,909,016**	**$ (55,859,042)**	**$ 73,535,801**

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

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

	For the three months ended May 31, 2012	For the three months ended May 31, 2011	For the six months ended May 31, 2012	For the six months ended May 31, 2011
Expenses				
Salaries and benefits	$ 382,102	$ 440,681	$ 693,297	$ 818,500
Office and rent	169,802	245,610	353,240	430,313
Professional fees	259,874	146,597	338,976	226,434
Corporate relations	163,387	164,714	328,486	653,712
Travel and accomodation	127,683	136,433	271,686	201,231
Depreciation	99,170	128,162	198,077	251,849
Stock-based compensation	-	1,422,720	-	1,422,720
Foreign currency exchange	20,990	13,573	(56,016)	(101,320)
	1,223,008	**2,698,490**	**2,127,746**	**3,903,439**
Interest income	(26,573)	(6,980)	(76,351)	(22,260)
Loss and Comprehensive Loss for the period	**$ 1,196,435**	**$ 2,691,510**	**$ 2,051,395**	**$ 3,881,179**
Loss per share - basic and diluted	**$ 0.01**	**$ 0.03**	**$ 0.02**	**$ 0.04**
Weighted average number of common shares outstanding	**117,573,645**	**106,324,924**	**117,573,645**	**106,087,629**

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

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

	For the six months ended May 31, 2012	For the six months ended May 31, 2011
Cash provided by (used in):		
Operating activities		
Loss for the period	$ (2,051,395)	$ (3,881,179)
Adjustments for:		
Depreciation	198,077	251,849
Stock-based compensation	-	1,422,720
	(1,853,318)	**(2,206,610)**
Amounts receivable	145,666	(5,511)
Other current assets	3,577	482,914
Accounts payable and accrued liabilities	(561,954)	(421,909)
Changes in non-cash working capital balances	**(412,711)**	**55,494**
Total cash and cash equivalents used in operating activities	**(2,266,029)**	**(2,151,116)**
Financing activities		
Issuance of shares	-	605,263
Total cash and cash equivalents provided by financing activities	**-**	**605,263**
Investing activities		
Restricted cash	5,907,118	3,190,578
Short-term investments	3,650,000	-
Resource properties	(1,691,317)	(905,989)
Property, plant and equipment	(35,455)	(3,951)
Change in accounts payable and accrued liabilities	(5,948,839)	(3,678,095)
Total cash and cash equivalents used in investing activities	**1,881,507**	**(1,397,457)**
Decrease in cash and cash equivalents for the period	**(384,522)**	**(2,943,310)**
Cash and cash equivalents, beginning of period	732,412	5,820,247
Cash and cash equivalents, end of period	**$ 347,890**	**$ 2,876,937**

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

1. Nature of operations

Inter-Citic Minerals Inc. and its subsidiaries (together the Company or Inter-Citic) 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, People's Republic of China (China). Inter-Citic is incorporated and domiciled in Canada. The Company's corporate and head office is located at 60 Columbia Way, Suite 501, Markham, Ontario, L3R 0C9.

2. Basis of preparation and adoption of IFRS

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants (CICA Handbook). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards (IFRS), and require publicly accountable enterprises to apply such standards effective for years beginning on or after January 1, 2011. Accordingly, the Company commenced reporting on this basis in its 2012 interim consolidated financial statements. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These interim consolidated financial statements have been prepared in accordance with IFRS applicable to the presentation of interim financial statements including IAS 34 and IFRS 1. The accounting policies followed in these interim consolidated financial statements are the same as those applied in the Company's interim consolidated financial statements for the period ended February 29, 2012. The Company has consistently applied the same accounting policies throughout all periods presented as if these policies had always been in effect. Note 5 discloses the impact of the transition to IFRS on the Company's reported financial position, financial performance and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's consolidated financial statements for the year ended November 30, 2011.

The accounting policies applied in these interim consolidated financial statements are based on IFRS effective for the year ending November 30, 2012, as issued and outstanding as of July 13, 2012, the date the Board of Directors approved the statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending November 30, 2012 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on the adoption of IFRS.

These interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual financial statements for the year ended November 30, 2011 and the Company's interim consolidated financial statements for the quarter ended February 29, 2012 prepared in accordance with IFRS applicable to interim financial statements.

3. Significant accounting policies

The signficant accounting policies used in the preparation of these financial statements are consistent with those disclosed in the interim consolidated financial statements for the quarter ended February 29, 2012.

4. Management estimates and judgements

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of expenses and other income during the reporting period. Actual results could differ from those estimates. The effect of a change in accounting estimate is recognized prospectively in the period of change.

In preparing these financial statements, the significant judgements made by management are the same as those applied to the interim consolidated financial statements for the quarter ended February 29, 2012.

(Expressed in Canadian dollars)

5. Transition to IFRS

The effect of the Company's transition to IFRS, described in Note 2, is summarized in this note as follows:

(i) Transition elections;
(ii) Reconciliation of equity, loss and comprehensive loss as previously reported under Canadian GAAP to IFRS; and
(iii) Adjustments to the statement of cash flows.

(i) Transition elections

The Company did not apply any transition exceptions or exemptions to full retrospective application of IFRS.

(ii) Reconciliation of equity, loss and comprehensive loss as previously reported under Canadian GAAP to IFRS

Equity	November 30, 2011	May 31, 2011	December 1, 2010
Equity as reported under Canadian GAAP	$ 75,587,196	$ 58,398,053	$ 59,710,129
IFRS adjustments:			
Decrease to Resource properties (a)	11,706,000	10,326,000	9,917,000
Decrease to Deferred tax liability (a)	(11,706,000)	(10,326,000)	(9,917,000)
Equity as reported under IFRS	$ 75,587,196	$ 58,398,053	$ 59,710,129

(a) Under Canadian GAAP, for certain exploration and development related payments, the Company had recognized a deferred tax liability and a corresponding adjustment to resource properties. Under IFRS, a deferred tax liability is not recognized to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit. As a result, an adjustment is required to eliminate the deferred tax liability and the corresponding amount from the carrying value of resource properties.

Loss and comprehensive loss

The transition to IFRS had no impact on loss and comprehensive loss as previously reported under Canadian GAAP for the three and six months ended May 31, 2011.

(iii) Adjustments to the statement of cash flows

The transition to IFRS had no impact on cash flows generated by the Company as previously reported under Canadian GAAP for the three and six months ended May 31, 2011.

(Expressed in Canadian dollars)

6. 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. On November 24, 2009, the Chinese party to the agreement was changed to the No. 5 Geology and Mineral Exploration Institute (No. 5 Institute), a company that shares the same parent company as that of the Qinghai Geological Survey Institute. Under the terms of this agreement, Inter-Citic can earn an 83% interest in the project by contributing 100% of the funds for exploration and development of the project (approximately $28,975,000 or renminbi 190,000,000 to date) completion of metallurgical and pre-feasibility reports, and making a cash payment of the equivalent of approximately $1,617,000 (renminbi 10,000,000) on the issuance of all applicable licenses, 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 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 Institute seeks foreign investment.

The Company has incurred exploration and development costs in respect of the Dachang Gold Project as follows:

	Balance as at December 1, 2010	Additions during the year	Balance as at November 30, 2011	Additions during the period	Balance as at May 31, 2012
Acquisition costs:	**$ 282,729**	**$ -**	**$ 282,729**	**$ -**	**$ 282,729**
Exploration and development costs:					
Drilling	22,516,249	5,612,567	28,128,816	12,831	28,141,647
Consulting	7,053,427	2,573,509	9,626,936	871,426	10,498,362
Camp	4,894,552	914,438	5,808,990	143,667	5,952,657
Assays and metallurgy	3,595,555	962,253	4,557,808	157,018	4,714,826
Administrative and other	2,141,678	782,510	2,924,188	272,731	3,196,919
Trenching	2,220,208	398,301	2,618,509	-	2,618,509
Travel and accommodation	1,769,586	364,850	2,134,436	197,799	2,332,235
Geological	1,726,045	20,507	1,746,552	-	1,746,552
Stock-based compensation	1,128,750	541,120	1,669,870	-	1,669,870
Depreciation	1,378,861	251,471	1,630,332	7,112	1,637,444
Mapping	582,420	229,947	812,367	19,150	831,517
Professional fees	466,539	65,899	532,438	16,695	549,133
	49,473,870	**12,717,372**	**62,191,242**	**1,698,429**	**63,889,671**
	$ 49,756,599	**$ 12,717,372**	**$ 62,473,971**	**$ 1,698,429**	**$ 64,172,400**

During the six month period ended May 31, 2012, there were no exploration and development related costs incurred and payable to the No. 5 Institute (May 31 2011 - approximately $31,000). As at May 31, 2012, amounts owing to the No. 5 Institute were approximately $1.1 million (November 30, 2011 - approximately $5.9 million).

(Expressed in Canadian dollars)

7. Related parties

The Company's transactions with related parties include key management personnel, their close family members and enterprises which are controlled by these individuals. Key management include the directors of Inter-Citic Minerals Inc., the Chief Executive Officer and the Chief Financial Officer. Remuneration awarded to key management consisted of the following:

	For the six months ended May 31, 2012	For the six months ended May 31, 2011
Salaries and short-term employee benefits	$ 306,915	$ 329,562
Consulting arrangements	141,158	107,110
Directors fees	35,000	6,025
Stock-based compensation	-	1,513,920
	$ 483,073	$ 1,956,617

Of these amounts $131,258 was capitalized to resource properties in the six month period ended May 31, 2012 (May 31, 2011 - $350,310). Except for stock-based compensation, remuneration to key management is in the normal course of operations and is measured at the amount of consideration established and agreed to by the parties.

8. Stock-based compensation plan

The Plan is a common share purchase option plan for directors, officers, employees and consultants of the Company. 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 May 24, 2012 the shareholders of the Company approved amendments to the Plan so as to add:

(i) a provision that automatically extends the expiry date of any option issued pursuant to the Plan in the case where any such option would expire during or within two days of the end of a blackout period voluntarily imposed by the Company. In such a situation, the expiry date in question would be extended ten business days from the last day of the blackout period in question; and

(ii) a provision that provides that in the event that the Board of Directors passes a resolution, during a blackout period to which the Company is subject, to grant an option, such grant shall occur on a date that is the sixth business day after the end of such blackout period and the exercise price of such option shall be no less than the market price calculated on the grant date (collectively, the Blackout Provisions).

Further to amendment (i) above, the shareholders also approved the extension of the expiry dates on 462,826 stock options which were exercisable but would have otherwise expired during the current voluntary blackout period (Blackout Options). The extension of the Blackout Options did not have a material impact on these financial statements.

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

	May 31, 2012		November 30, 2011	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Balance, beginning of the period	8,762,826	$ 1.15	7,905,000	$ 0.98
Granted	-	-	1,615,000	1.88
Exercised	-		(732,174)	0.89
Cancelled	(50,000)	0.97	(25,000)	1.76
Balance, end of the period	**8,712,826**	**$ 1.15**	**8,762,826**	**$ 1.15**

(Expressed in Canadian dollars)

9. Commitments

In 2011, the Company entered into various development related contracts that are expected to be completed in 2012. As at May 31, 2012 approximately $300,000 remains committed in respect of these contracts.

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

2012	$ 58,805
2013	$ 89,214
2014	$ 22,303

10. Segmented information

The Company has one operating segment: the acquisition, exploration and development of mineral resource properties in China.

Information by geographical area	May 31, 2012	November 30, 2011	December 1, 2010
China			
Restricted cash	$ 1,874,787	$ 7,781,905	$ 5,828,398
Resource properties	64,172,400	62,473,971	49,756,599
Property, plant and equipment	1,665,688	1,835,685	2,283,530
Non-current assets	**$ 67,712,875**	**$ 72,091,561**	**$ 57,868,527**
Accounts payable and accrued liabilities	**$ 1,274,230**	**$ 6,710,058**	**$ 3,516,403**
Canada			
Restricted cash	$ -	$ -	$ -
Resource properties	-	-	-
Property, plant and equipment	12,734	12,471	16,555
Non-current assets	**$ 12,734**	**$ 12,471**	**$ 16,555**
Accounts payable and accrued liabilities	**$ 391,397**	**$ 1,466,362**	**$ 1,327,523**