Minco Silver Corporation

(A development stage enterprise)

Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2014 and 2013
(Unaudited, expressed in Canadian dollars, unless otherwise stated)

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of condensed consolidated 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 condensed consolidated interim financial statements of Minco Silver Corporation have been prepared by, and are the responsibility of, the Company's management. The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

Minco Silver Corporation's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

Dr. Ken Cai
President and CEO

Samson Siu, CPA, CA
Interim Chief Financial Officer

Vancouver, Canada

November 12, 2014

Index

		Page
Condensed Consolidated Interim Financial Statements		**4 - 8**
	Condensed Consolidated Interim Statements of Financial Position	4
	Condensed Consolidated Interim Statements of Operations and Net Loss	5
	Condensed Consolidated Interim Statements of Comprehensive Income (Loss)	6
	Condensed Consolidated Interim Statements of Changes in Shareholders' Equity	7
	Condensed Consolidated Interim Statements of Cash Flows	8
Notes to the Condensed Consolidated Interim Financial Statements		**9 - 19**
1	General information	9
2	Basis of preparation	9
3	Cash and cash equivalents	10
4	Short-term investments	11
5	Mineral interests	11
6	Investments	13
7	Share capital	13
8	Related party transactions	17
9	Fair value measurements	18
10	Geographical information	19

Minco Silver Corporation

(A development stage enterprise)

Condensed Consolidated Interim Statement of Financial Position

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	September 30, 2014	December 31, 2013
Assets	**$**	**$**
Current assets		
Cash and cash equivalents (note 3)	5,596,227	23,580,514
Short-term investments (note 4)	41,019,283	36,976,308
Receivables	735,320	291,778
Due from related parties (note 8(b))	3,629,915	3,584,387
Prepaid expenses and deposits	410,698	423,568
	51,391,443	64,856,555
Mineral interests (note 5)	29,764,874	27,369,966
Investments (note 6)	11,855,727	-
Property, plant and equipment	430,221	483,281
	93,442,265	92,709,802
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	203,778	523,984
Shareholders' equity		
Share capital (note 7(a))	106,630,256	106,140,836
Contributed surplus	22,490,284	21,950,949
Accumulated other comprehensive income	5,157,748	3,723,746
Deficit	(41,039,801)	(39,629,713)
	93,238,487	92,185,818
Total liabilities and equity	93,442,265	92,709,802

Approved by the Board of Directors:

(signed) Chan-Seng Lee Director

(signed) George Lian Director

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

Minco Silver Corporation

(A development stage enterprise)

Condensed Consolidated Interim Statements of Operations and Net Loss

For the three and nine months ended September 30, 2014 and 2013

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Three months ended September 30,		Nine months ended September 30,	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Administrative expenses				
Audit, legal and regulatory	57,575	65,531	174,868	243,725
Amortization	24,627	47,146	97,366	134,249
Consulting	124,194	17,510	144,303	43,729
Directors' fees	22,250	25,250	96,000	77,250
Field office expenses	203,090	122,421	548,314	373,564
Foreign exchange loss (gain)	(528,681)	352,401	(490,548)	(653,770)
Investor relations	1,167	49,900	13,609	162,187
Office administration expenses	45,471	47,022	163,609	146,475
Property investigation	31,807	14,951	91,199	41,525
Rent	86,765	80,893	262,835	212,677
Salaries and benefits	75,206	95,704	312,123	281,054
Share-based compensation (note 7(b))	128,415	571,260	676,265	2,084,617
Travel and transportation	4,148	9,249	33,143	24,740
	276,034	1,499,238	2,123,086	3,172,022
Operating loss	(276,034)	(1,499,238)	(2,123,086)	(3,172,022)
Finance and other income (expenses)				
Interest income	258,619	205,703	741,955	592,042
Other income (expenses) (note 8(a))	105	(204,275)	(28,957)	(251,287)
	258,724	1,428	712,998	340,755
Net loss for the period	(17,310)	(1,497,810)	(1,410,088)	(2,831,267)
Loss per share – basic and diluted	(0.00)	(0.03)	(0.02)	(0.05)
Weighted average number of common shares outstanding – basic and diluted	59,615,440	59,233,737	59,576,602	59,110,234

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

Minco Silver Corporation

(A development stage enterprise)

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

For the three and nine months ended September 30, 2014 and 2013

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Three months ended September 30,		Nine months ended September 30,	
	2014	**2013**	**2014**	**2013**
	$	**$**	**$**	**$**
Net loss for the period	(17,310)	(1,497,810)	(1,410,088)	(2,831,267)
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss:				
Unrealized loss on investment (note 6)	(703,049)	-	(69,422)	-
Exchange differences on translation from functional to presentation currency	2,091,016	(493,984)	1,503,424	1,712,086
Other comprehensive income (loss) for the period	1,387,967	(493,984)	1,434,002	1,712,086
Comprehensive income (loss) for the period	1,370,657	(1,991,794)	23,914	(1,119,181)

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

Minco Silver Corporation

(A development stage enterprise)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the nine months ended September 30, 2014 and 2013

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	Changes in Shareholders' Equity					
	Number of Shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Deficit	Total
		$	$	$	$	$
Balance - January 1, 2013	59,041,418	105,669,226	18,555,614	414,201	(36,642,680)	87,996,361
Net loss for the period	-	-	-	-	(2,831,267)	(2,831,267)
Other comprehensive income	-	-	-	1,712,086	-	1,712,086
Share-based compensation	-	-	3,357,492	-	-	3,357,492
Issuance of shares for restricted share units	280,000	459,200	(459,200)	-	-	-
Proceeds on issuance of shares from exercise of options	6,667	12,410	(5,410)	-	-	7,000
Balance – September 30, 2013	59,328,085	106,140,836	21,448,496	2,126,287	(39,473,947)	90,241,672
Balance - January 1, 2014	59,328,085	106,140,836	21,950,949	3,723,746	(39,629,713)	92,185,818
Net loss for the period	-	-	-	-	(1,410,088)	(1,410,088)
Other comprehensive income	-	-	-	1,434,002	-	1,434,002
Share-based compensation	-	-	1,010,089	-	-	1,010,089
Proceeds on issuance of shares from exercise of options	23,333	30,220	(11,554)	-	-	18,666
Issuance of shares for restricted share units	280,000	459,200	(459,200)	-	-	-
Balance – September 30, 2014	59,631,418	106,630,256	22,490,284	5,157,748	(41,039,801)	93,238,487

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

Minco Silver Corporation

(A development stage enterprise)

Condensed Consolidated Interim Statements of Cash Flows

For the nine months ended September 30, 2014 and 2013

(Unaudited, expressed in Canadian dollars, unless otherwise stated)

	2014 $	2013 $
Operating activities		
Net loss for the period	(1,410,089)	(2,831,267)
Adjustments for:		
Amortization	97,366	134,249
Foreign exchange gain	(490,019)	(655,824)
Share-based compensation (note 7(b))	676,265	2,084,617
Changes in items of working capital:		
Receivables	(434,750)	(543,316)
Prepaid expenses and deposits	26,225	5,306
Accounts payable and accrued liabilities	(324,910)	(86,659)
Due from related parties (note 8(b))	(41,864)	(1,353,116)
Net cash used in operating activities	(1,901,776)	(3,246,010)
Financing activities		
Proceeds from exercise of stock options	18,666	7,000
Net cash generated from financing activities	18,666	7,000
Investing activities		
Development costs	(1,037,815)	(1,778,521)
Property, plant and equipment	(29,054)	(33,826)
Advances to related parties	-	(1,200,000)
Investments	(11,925,149)	-
Purchase of short-term investments	(18,671,467)	-
Redemption of short-term investments	15,525,778	12,705,685
Net cash generated from (used in) investing activities	(16,137,707)	9,693,338
Effect of exchange rates on cash	36,530	1,127,659
Increase (decrease) in cash and cash equivalents	(17,984,287)	7,581,987
Cash and cash equivalents - Beginning of period	23,580,514	22,586,298
Cash and cash equivalents - End of period	5,596,227	30,168,285

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

1. General information

Minco Silver Corporation ("Minco Silver" or the "Company") is a development stage enterprise, principally engaged in exploring, evaluating and developing precious metals mineral properties and projects. Minco Silver was incorporated on August 20, 2004 under the laws of British Columbia, Canada and its Common Shares are listed on the Toronto Stock Exchange ("TSX") and trades under the symbol "MSV". The Company's registered office is 2772 – 1055 West Georgia Street, Vancouver, British Columbia, Canada.

As at September 30, 2014, Minco Gold Corporation ("Minco Gold") owned an 18.45% (December 31, 2013 - 21.91%) interest in Minco Silver.

2. Basis of preparation

These condensed consolidated interim financial statements include the accounts of Minco Silver Corporation and its wholly owned subsidiaries, Minco Silver Ltd., Minco Yinyuan Co. ("Minco Yinyuan") and Minco Investment Holdings HK Ltd ("Minco HK"). In addition, these condensed consolidated interim financial statements include the accounts of Foshan Minco Fuwan Mining Co. Ltd. ("Foshan Minco"). Foshan Minco is legally owned by Minco Mining (China) Corporation ("Minco China"), an indirect subsidiary of Minco Gold, and held in trust for Minco Silver. As a result of this structure, Minco Silver must advance funds through Minco Gold, Minco Resources Limited ("Minco Resources") and Minco China in order to fund the activities of Foshan Minco. Foshan Minco is subject to a 10% net profit interest held by Guangdong Geological Bureau ("GGB"). The Company, indirectly through Foshan Minco owns 90% of Zhongjia Jinggu Limited ("Zhongjia").

Information about subsidiaries:

Name	Principal activities (ownership interest)	Country of Incorporation
Minco Silver Ltd.	Holding company (100%)	British Virgin Islands
Minco Yinyuan	Treasury company (100%)	China
Minco HK	Holding company (100%)	Hong Kong
Foshan Minco	Exploring, evaluating and developing mineral properties (90%)	China
Zhongjia	Service company (90%)	China

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

2. Basis of preparation (continued)

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These condensed consolidated interim financial statements should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2013, which were prepared in accordance with IFRS as issued by the IASB and our condensed consolidated interim financial statements for the three months ended March 31, 2014.

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those applied in the preparation of the condensed consolidated interim financial statements for the three months ended March 31, 2014.

These condensed consolidated interim financial statements were approved by the board of directors for issue on November 12, 2014.

3. Cash and cash equivalents

Cash and cash equivalents comprise of cash at banks and on hand and guaranteed investment certificates with initial maturities of less than three months.

	As at September 30, 2014	As at December 31, 2013
	$	$
Cash	2,236,944	15,796,733
Term deposits	3,359,283	7,783,781
	5,596,227	23,580,514

As at September 30, 2014, cash and cash equivalent of $4,278,855 (RMB 23,610,295) (December 31, 2013 - $9,825,935 (RMB 56,174,871)) remained in China. Under Chinese law, cash advanced to the Company's Chinese subsidiaries as registered share capital is maintained in the subsidiaries' registered capital bank account. Remittance of these funds back to Canada may require approvals by the relevant government authorities or designated banks in China or both. As at September 30, 2014, $7,766 of the Company's cash was held by Minco China in trust for the Company (note 8(a)).

4. Short-term investments

	Amount in original currency	September 30, 2014 Canadian dollar equivalent
		$
Cash denominated in Canadian dollars	15,602,468	15,602,468
Cash denominated in US dollars	12,220,604	13,636,971
Cash denominated in Chinese RMB	65,000,000	11,779,844
		41,019,283

		December 31, 2013
		$
Cash denominated in Canadian dollars	31,108,240	31,108,240
Cash denominated in US dollars	1,000,000	1,069,700
Cash denominated in Chinese RMB	27,432,269	4,798,368
		36,976,308

As at September 30, 2014 and December 31, 2013, short-term investments consist of cashable guaranteed investment certificates with maturities between six months and one year. The yields on these investments were between 1.60% and 3.30%. As at September 30, 2014, short-term investments of 11,779,844 (RMB 65,000,000) remained in China and Minco China held short-term investments of $12,521,072 in trust for the Company (note 8(a)).

5. Mineral interests

(a) Fuwan Silver Deposit

Minco Silver, indirectly through Minco HK, has a 90% beneficial interest in Foshan Minco, the operating company and permit holder for the Fuwan project, subject to a 10% net profit interest held by GGB. There will be no distributions to or participation by GGB, until such time as Minco Silver's investment in the project is recovered. GGB is not required to fund any expenditures related to the Fuwan project. The Exploration Permit for the Fuwan project is the Luoke-Jilinggang exploration permit, which expires on July 20, 2015. The Mining Area Permit, which covers approximately 0.79 sq. km, defines the mining limits of the Fuwan Silver Deposit and restricts the use of this land to mining activities was approved by the Ministry of Land and Resources ("MOLAR"). The Mining Area Permit expires on April 10, 2016.

5. Mineral interests

Although the Company has taken steps to verify the title to mineral properties in which it has an interest in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered agreements or transfers.

The following is a summary of project development costs capitalized to mineral interests from January 1, 2014 to September 30, 2014.

	2014 $
Opening Balance – January 1, 2014	**27,369,966**
Consulting fees	302,015
Salaries and benefits	195,649
Share-based compensation	333,824
Mining license application	338,659
Environment impact assessment	12,872
Travel	23,590
Other development costs	165,799
Foreign exchange gain	1,022,500
Ending Balance – September 30, 2014	**29,764,874**

(b) Fuwan Silver Belt

In 2005, the Company acquired three additional silver exploration permits on the Fuwan belt, referred to as the Guanhuatang Property, the Hecun Property and the Guyegang-Sanyatang Property. The Company has decided not to renew the Guanhuatang property permit, which expired on April 4, 2014. The Company is in the process of renewing the two remaining permits, which are held by Minco China in trust for the Company, with the Ministry of Land and Resources.

During the three and nine months ended September 30, 2014, the Company did not conduct any regional exploration activities on the Fuwan Silver Belt, except for maintaining the exploration permits.

(c) Changkeng Silver Mineralization

Minco Gold has assigned its right to earn a 51% interest in the Changkeng Silver Mineralization to the Company. Minco Gold is responsible for all the costs related to the gold mineralization on the Changkeng Property; the Company is responsible for the costs related to the silver mineralization. The Changkeng exploration permit expires on September 10, 2015.

During the three and nine months ended September 30, 2014, the Company did not conduct any exploration activities at the Changkeng project.

6. Investments

Available for sale investments, as of and for the nine months ended September 30, 2014:

	Fair value December 31, 2013	Net additions September 30, 2014	Fair value adjustment September 30, 2014	Fair value September 30, 2014
	$	$	$	$
Common shares in Gold Road Resources Limited	-	11,925,149	(69,422)	11,855,727
Total	-	11,925,149	(69,422)	11,855,727

7. Share capital

(a) Common Shares

Authorized: Unlimited number of common shares without par value.

(b) Long-term Incentive Plan

The Company may grant up to 15% of its issued and outstanding shares as options, restricted share units, performance share units and deferred share units, to its directors, officers, employees and consultants under its long-term incentive plan.

Stock Options

The Company's long-term incentive plan allows the board of directors to grant options for periods of up to ten years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on a date preceding the date the options are granted. These options are equity settled.

During the nine months ended September 30, 2014, the Company granted stock options for 1,425,000 common shares to its directors, officers and employees at a weighted average exercise price of $0.80 per share that vest over an 18-month period from the issuance date.

The Company recorded $865,118 of share-based compensation for stock options for the nine months ended September 30, 2014 (2013 - $2,593,836). Share-based compensation expense of $655,696 (2013 - $2,008,251) was recorded in the statement of operations and net loss and share-based compensation expense of $209,422 (2013 - $585,585) was capitalized to mineral interests.

7. Share capital (continued)

A summary of the options outstanding is as follows:

	Number outstanding	Weighted average exercise price $
Balance, January 1, 2013	5,249,169	3.34
Granted	1,900,000	1.67
Exercised	(6,667)	1.05
Expired	(326,666)	2.58
Forfeited	(110,000)	2.60
Balance, December 31, 2013	6,705,836	2.92
Granted	1,425,000	0.80
Exercised	(23,333)	0.80
Expired	(325,000)	1.10
Forfeited	(1,072,001)	2.91
Balance, September 30, 2014	6,710,502	2.57

The weighted average share price on the day options were exercised was $1.01 (during the nine months ended September 30, 2013 was $1.99). As at September 30, 2014, there was $150,005 (December 31, 2013 - $327,507) unrecognized compensation cost relating to unvested options.

Options outstanding				Options exercisable	
Range of exercise prices $	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price $	Number exercisable	Weighted average exercise price $
0.80-1.41	1,273,333	4.31	0.80	413,324	0.80
1.42-2.00	1,778,833	3.17	1.68	1,778,833	1.68
2.01-2.35	1,918,336	2.46	2.35	1,918,336	2.35
2.36-3.65	280,000	0.80	3.27	280,000	3.27
3.66-6.45	1,460,000	1.36	5.33	1,460,000	5.33
	6,710,502	2.69	2.57	5,850,493	2.82

7. Share capital (continued)

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

	2014	2013
Risk-free interest rate	1.21% - 1.69%	1.19% - 1.70%
Dividend yield	0%	0%
Volatility	70% - 72%	71% - 100%
Forfeiture rate	26%	26%
Estimated expected lives	5 years	5 years

Option pricing models require the use of subjective estimates and assumptions including the expected stock price volatility. The stock price volatility is calculated based on the Company's historical volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

Restricted Share Units, Performance Share Units

A summary of the RSUs outstanding is as follows:

	Number outstanding	Weighted average fair value $
Balance, January 1, 2013	-	-
Granted	560,0000	1.64
Exercised	(280,000)	1.64
Balance, December 31, 2013	280,000	1.64
Exercised	(280,000)	1.64
Balance, September 30, 2014	-	-

During the year ended December 31, 2013, the Company granted 560,000 RSUs to the Company's CEO. RSU's are equity – settled and measured based on the value of the Company's share price at the date of grant and vest in tranches over a 12- month period from the date of grant. The weighted average grant date fair value of the RSU's was $918,400. 280,000 RSUs vested on August 1, 2013, and the remaining 280,000 RSUs vested on February 1, 2014.

7. Share capital (continued)

During the nine months ended September 30, 2014, the Company recorded $39,000 (2013 - $763,656) of share-based compensation for RSUs. Share-based compensation of $3,900 (2013 - $76,366) was recorded in the statement of operations and net loss and share-based compensation expense of $35,100 (2013 - $687,290) was capitalized to mineral properties.

A summary of the PSUs outstanding is as follows:

	Number outstanding	Weighted average fair value $
Balance, January 1, 2013	-	-
Granted	940,000	0.80
Balance, December 31, 2013	940,000	0.80
Forfeited	(35,000)	0.80
Balance, September 30, 2014	905,000	0.80

During the year ended December 31, 2013, the Company granted 940,000 performance share units to employees of the Company whereby 50% vests upon the Company receiving the final approval from Guangdong Provincial Government for the EIA report for the Fuwan Silver Project and the remaining 50% vests upon the completion of the Company's obtaining the mining license issued by MOLAR in respect to the Fuwan Silver Project. The weighted average grant date fair value of the PSU's was $0.80 per unit. In valuing the PSUs, the Company used a forfeiture rate of 26% and an expected life of 3 years.

During the nine months ended September 30, 2014, the Company recorded $105,971 (2013 - $Nil) of share-based compensation for PSUs. Share-based compensation of $16,669 (2013 - $Nil) was recorded in the statement of operations and net loss and share-based compensation expense of $89,302 (2013 - $Nil) was capitalized to mineral properties.

8. Related party transactions

(a) Funding of Foshan Minco

The Company cannot invest directly in Foshan Minco as Foshan Minco is legally owned by Minco China. All funding supplied by the Company for exploration of the Fuwan Project must first go through Minco China via Minco Gold and Minco Resources to comply with Chinese law. In the normal course of business the Company uses trust agreements when providing cash, denominated in US dollars, to Minco China via Minco Gold and Minco Resources for the purpose of increasing the registered capital of Foshan Minco. Minco China is a registered entity in China and is classified as being a wholly foreign-owned entity and therefore can receive foreign investment. Foshan Minco is a Chinese company with registered capital denominated in RMB and therefore can only receive domestic investment from Minco China. Increases to the registered capital of Foshan Minco must be denominated in RMB.

During the year ended December 31, 2013, the Company advanced US $20 million to Minco China via Minco Resources and Minco Gold in accordance with a trust agreement signed on April 30, 2013 in which Minco Silver agreed to advance US $20 million to Minco China to increase Foshan Minco's registered capital. Minco China will exchange these US funds into RMB.

Minco China is required to exchange the US dollars into RMB, before the money can be used to increase the registered capital of Foshan Minco. The exchange of US dollars into RMB requires approval from the State Administration of Foreign Exchange ("SAFE"). In order to obtain SAFE approval to effect the foreign currency exchange, Minco China, on behalf of Minco Silver has entered into purchase and sales transaction to exchange US dollars into RMB. During the nine months ended September 30, 2014, Minco China paid and accrued consultancy fees totaling RMB 139,632 ($24,911) (2013 – RMB 1,225,000 ($201,423) due to a third party, who assisted in the completion of currency exchange of the US funds into RMB.

As at September 30, 2014, Minco China held US $11,221,152 ($12,521,684) (December 31, 2013 - US $12,526,138 ($13,399,210)) and RMB 39,474 ($7,154) (December 31, 2013 - RMB 14,613,570 ($2,556,161)) in trust for the Company.

(b) Shared expenses

Minco Silver and Minco Gold share offices and certain administrative expenses in Beijing and Vancouver.

Amounts due from related parties as at September 30, 2014 were $3,629,915 (December 31, 2013 - $3,584,387) and consisted of the following:

Amount due to Minco China as at September 30, 2014 of $23,891 (December 31, 2013 - $15,847) representing expenditures incurred by Minco China on behalf of Foshan Minco.

8. Related party transactions (continued)

Amount due from Minco Gold as at September 30, 2014 of $3,653,806 (December 31, 2013 - $3,600,234) representing funds advanced from Minco Silver to Minco Gold to support its operating activities in Canada, net of shared head office expenses.

The amounts due are unsecured, non-interest bearing and payable on demand. Minco Gold is a junior exploration company, consequently its ability to repay the loan is subject to the entity's ability to raise funds. The liquidity position of Minco Gold may result in uncertainty as to the timing of repayment.

During the three months ended September 30, 2014, the Company paid or accrued $26,071 (September 30, 2013 - $39,808) in respect of rent and $134,632 (September 30, 2013 - $120,206) in respect of shared head office expenses and administration costs to Minco Gold.

During the nine months ended September 30, 2014, the Company paid or accrued $99,195 (September 30, 2013 - $117,367) in respect of rent and $513,810 (September 30, 2013 - $446,919) in respect of shared head office expenses and administration costs to Minco Gold.

The above transactions are conducted in the normal course of business.

(c) Key management compensation

In the three and nine months ended September 30, 2014 and 2013, the following compensation was paid to key management. Key management includes the Company's directors and senior management. This compensation is included in development costs and administrative expenses.

	Three months ended September 30,		Nine months ended September 30,	
	2014	**2013**	**2014**	**2013**
	$	$	$	$
Cash remuneration	198,587	218,606	658,321	630,300
Share-based compensation	137,925	640,856	645,345	2,415,731
	336,512	859,462	1,303,666	3,046,031

9. Fair value measurements

Financial assets and liabilities that are recognized on the balance sheet at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements. The levels in the hierarchy are:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

9. Fair value measurements (continued)

The company's available for sale investments are measured at fair value based on quoted market price. Accordingly, this item is included in Level 1 of the fair value hierarchy.

Financial instruments that are not measured at fair value on the balance sheet are represented by cash and cash equivalents, short-term investments, receivables, accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying value due to their short term nature.

Due from related parties amounts are unsecured, non-interest bearing and payable on demand. Minco Gold is a junior exploration company. Minco Gold's ability to repay the advance is subject to the entity's ability to raise funds. This could cause uncertainty as to the timing of repayments.

10. Geographical information

The Company's business of exploration and development of mineral interest is considered as operating in one segment. The geographical division of the Company's non-current assets is as follows:

Non-current assets by geography

			September 30, 2014
	Canada	**China**	**Total**
	$	$	$
Non-current assets	24,814	30,170,281	30,195,095

			December 31, 2013
	Canada	**China**	**Total**
	$	$	$
Non-current assets	22,193	27,831,054	27,853,247