Minco Silver Corporation

(A development stage enterprise)

Condensed Consolidated Interim Financial Statements
For the three and six months ended June 30, 2015 and 2014
(Unaudited, expressed in Canadian dollars, unless otherwise stated)

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Minco Silver Corporation

(A development stage enterprise)

Condensed Consolidated Interim Statements of Financial Position

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

	June 30, 2015	December 31, 2014
Assets	**$**	**$**
Current assets		
Cash and cash equivalents (note 3)	27,902,341	11,938,544
Short-term investments (note 4)	34,604,028	33,560,374
Receivables	848,344	370,903
Due from related parties (note 8)	3,882,404	3,603,847
Purchase deposit (note 11)	1,600,000	-
Prepaid expenses and deposits	348,103	181,991
Investments (note 6)	-	10,865,140
	69,185,220	60,520,799
Mineral interests (note 5)	34,660,658	31,621,827
Property, plant and equipment	401,540	422,012
	104,247,418	92,564,638
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	118,489	419,592
	118,489	419,592
Shareholders' equity		
Share capital (note 7)	106,630,256	106,630,256
Contributed surplus	22,772,885	22,615,759
Accumulated other comprehensive income	10,824,544	4,194,260
Deficit	(36,098,756)	(41,295,229)
	104,128,929	92,145,046
Total liabilities and equity	104,247,418	92,564,638

Subsequent event (note 11)

Approved by the Board of Directors:

(signed) Maria Tang 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 Income (Loss)

For the three and six months ended June 30, 2015 and 2014

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

	Three months ended June 30,		Six months ended June 30,	
	2015	**2014**	**2015**	**2014**
	$			
Administrative expenses (recovery)				
Audit, legal and regulatory	73,891	60,428	124,641	117,293
Amortization	23,500	23,854	50,036	72,739
Consulting	16,232	8,679	52,985	20,109
Directors' fees	29,750	28,250	60,250	73,750
Field office expenses	227,325	177,350	390,487	345,224
Foreign exchange (gain) loss	(22,998)	569,625	(1,316,394)	38,133
Investor relations	2,206	838	9,016	12,442
Office administration expenses	44,696	54,007	89,988	118,138
Property investigation	-	32,417	31,331	59,392
Rent	51,075	70,324	146,350	176,070
Salaries and benefits	99,308	140,433	180,337	236,917
Share-based compensation (note 7(b))	10,346	234,538	37,563	547,850
Travel and transportation	4,053	4,921	8,169	28,995
	559,384	1,405,664	(135,241)	1,847,052
Operating (loss) gain	(559,384)	(1,405,664)	135,241	(1,847,052)
Finance and other income (expenses)				
Gain on disposal of investment (note 6)	4,188,330	-	4,792,888	-
Interest income	279,762	240,903	530,322	483,336
Other income (expenses) (note 8(a))	666	24,832	(261,978)	(29,062)
Net income (loss) before tax for the period	3,909,374	(1,139,929)	5,196,473	(1,392,778)
Deferred income tax expense	(250,838)	-	-	-
Net income (loss) for the period	**3,658,536**	**(1,139,929)**	**5,196,473**	**(1,392,778)**
Income (loss) per share – basic and diluted	0.06	(0.02)	0.09	(0.02)
Weighted average number of common shares outstanding – basic and diluted	59,631,418	59,608,085	59,631,418	59,505,418

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 six months ended June 30, 2015 and 2014

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

	Three months ended June 30,		Six months ended June 30,	
	2015	**2014**	**2015**	**2014**
	$	**$**	**$**	**$**
Net income (loss) for the period	3,658,536	(1,139,929)	5,196,473	(1,392,778)
Other comprehensive income (loss)				
Items that may be reclassified subsequently to profit or loss:				
Unrealized gain on investment, net of tax (note 6)	1,817	633,626	7,125,020	633,626
Realized gain reclassified to net income (loss) on disposal of investment, net of tax (note 6)	(3,496,286)	-	(4,100,844)	-
Exchange differences on translation from functional to presentation currency	(1,193,951)	(1,622,143)	3,606,109	(587,591)
Other comprehensive income (loss) for the period	(2,872,633)	(988,517)	6,630,285	46,035
Comprehensive income (loss) for the period	785,903	(2,128,446)	11,826,758	(1,346,743)

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 six months ended June 30, 2015 and 2014

(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, 2014	59,328,085	106,140,836	21,950,949	3,723,746	(39,629,713)	92,185,818
Net loss for the period	-	-	-	-	(1,392,778)	(1,392,778)
Other comprehensive income	-	-	-	46,035	-	46,035
Share-based compensation	-	-	803,553	-	-	803,553
Issuance of shares for restricted share units	280,000	459,200	(459,200)	-	-	-
Balance – June 30, 2014	59,608,085	106,600,036	22,295,302	3,769,781	(41,022,491)	91,642,628
Balance - January 1, 2015	59,631,418	106,630,256	22,615,759	4,194,260	(41,295,229)	92,145,046
Net income for the period	-	-	-	-	5,196,473	5,196,473
Other comprehensive income	-	-	-	6,630,284	-	6,630,824
Share-based compensation	-	-	157,126	-	-	157,126
Balance – June 30, 2015	59,631,418	106,630,256	22,772,885	10,824,544	(36,098,756)	104,128,929

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

Minco Silver Corporation

(A development stage enterprise)

Condensed Consolidated Interim Statements of Cash Flows

For the six months ended June 30, 2015 and 2014

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

	2015	2014
	$	$
Operating activities		
Net income (loss) for the period	5,196,473	(1,392,780)
Adjustments for:		
Amortization	50,037	72,739
Foreign exchange (gain) loss	(1,316,958)	38,686
Share-based compensation (note 7(b))	37,563	547,850
Gain on disposal of investment	(4,792,888)	-
Changes in items of working capital:		
Receivables	(453,312)	(511,100)
Prepaid expenses and deposits	(156,394)	(12,068)
Accounts payable and accrued liabilities	(310,036)	(280,504)
Due to related parties (note 8)	(280,288)	(38,363)
Net cash used in operating activities	(2,025,803)	(1,575,540)
Investing activities		
Development costs	(553,669)	(727,939)
Investment	-	(2,761,897)
Purchase deposit (note 11)	(1,600,000)	-
Proceeds from disposal of investments (note 6)	18,682,204	-
Property, plant and equipment	-	(28,442)
Purchase of short-term investments	(8,703,937)	(12,885,514)
Redemption of short-term investments	8,823,938	7,000,000
Net cash generated (used) in investing activities	16,648,536	(9,403,792)
Effect of exchange rates on cash	1,341,064	(228,882)
Increase (decrease) in cash and cash equivalents	15,963,797	(11,208,214)
Cash and cash equivalents - Beginning of year	11,938,544	23,580,514
Cash and cash equivalents - End of year	27,902,341	12,372,300

1. General information

Minco Silver Corporation ("Minco Silver" or the "Company") is a development stage enterprise, engaged in exploring and evaluating 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 June 30, 2015, Minco Gold Corporation ("Minco Gold") owned 18.45% (December 31, 2014 – 18.45%) equity 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%)	China
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, 2014, which were prepared in accordance with IFRS as issued by the IASB, and our condensed consolidated interim financial statement for the three months ended March 31, 2015

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

These condensed consolidated interim financial statements were approved by the board of directors for issue on August 11, 2015.

3. Cash and cash equivalents

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

	As at June 30, 2015	As at December 31, 2014
	$	$
Cash	17,303,055	10,127,337
Term deposits	10,599,286	1,811,207
	27,902,341	11,938,544

As at June 30, 2015, cash and cash equivalents of $7,929,490 (RMB 6,155,451 and USD $5,401,778) (December 31, 2014 - $2,451,024 (RMB 12,972,292)) 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 June 30, 2015, $6,682,019 (December 31, 2014 - $6,984,988) of the Company's cash was held by Minco China in trust for the Company (note 8(a)).

4. Short-term investments

As at June 30, 2015, short-term investments consist of cashable guaranteed investment certificates with one year to maturity. The yields on these investments were between 1.68% and 3.30%. As at June 30, 2015, short-term investments of $22,428,050 (RMB 110,511,976) (December 31, 2014 - $13,822,164 (RMB 73,155,186)) remained in China. As at December 31, 2014, short-term investments consist of cashable guaranteed investment certificates with one year to maturity. The yields on these investments were between 1.68% and 3.30%.

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 Company has submitted the renewal application, which is currently being processed by the Ministry of Land and Resources. The Mining Area Permit defines the mining limits of the Fuwan Silver Deposit and which restricts the use of this land to mining activities was renewed and approved by MOLAR in March 2014. The renewed Mining Area Permit expires on April 10, 2016.

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, 2015 to June 30, 2015.

	2015 $
Opening Balance – January 1, 2015	**31,621,827**
Consulting fees	211,297
Salaries and benefits	78,817
Share-based compensation	119,563
Mining design costs	14,455
Mining license application	75,881
Travel	30,700
Other development costs	142,495
Foreign exchange	2,365,623
Ending Balance – June 30, 2015	**34,660,658**

5. Mineral interests (continued)

(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 7, 2014. The Company has submitted the renewal application for the two remaining permits that were originally set to expire on April 7, 2014. The renewal applications are currently being processed by the Ministry of Land and Resources. These permits are held by Minco China in trust for the Company. The trust agreement will be terminated on closing of the transaction with Minco Gold (note 11).

During the three and six months ended June 30, 2015, 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 six months ended June 30, 2015, the Company did not conduct any exploration activities at the Changkeng project, except for maintaining the exploration permit.

On May 22, 2015, the Company announced that it had entered into a transaction to purchase the portion of the Changkeng Property interest that it does not already own (note 11).

6. Investments

Available for sale investments, as of and for the six months ended June 30, 2015:

	Fair value December 31, 2014	Fair value adjustment June 30, 2015	Net disposals June 30, 2015	Fair value June 30, 2015
	$	$	$	$
Common shares in Gold Road Resources Limited	10,865,140	7,817,064	(18,682,204)	-
Total	10,865,140	7,817,064	(18,682,204)	-

During the year ended December 31, 2014, the Company acquired 47,719,423 common shares in Gold Road Resources Limited, a publicly listed resource company traded on the ASX at a cost of $13,889,316.

During the six months ended June 30, 2015, the Company disposed of all of its common shares of Gold Road Resources Limited for net proceeds of $18,682,204. As a result, the Company recorded a gain on disposal of the investment of $4,792,888 during the six months ended June 30, 2015.

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 six months ended June 30, 2015, the Company did not grant any stock options

The Company recorded $69,443 of the option component of share-based compensation for the six months ended June 30, 2015 (2014 - $698,594). Share-based compensation expense of $41,737 (2014 - $533,964) was recorded in the statement of operations and net income (loss) and share-based compensation expense of $27,706 (2014 - $164,630) was capitalized to mineral interests.

A summary of the options outstanding is as follows:

	Number outstanding	**Weighted average exercise price** $
Balance, January 1, 2014	6,705,836	2.92
Granted	1,425,000	0.80
Exercised	(23,333)	0.80
Expired	(375,000)	1.21
Forfeited	(1,254,668)	2.83
Balance, December 31, 2014	6,477,835	2.58
Expired	(270,836)	2.85
Forfeited	(621,333)	2.48
Balance, June 30, 2015	5,585,666	2.57

7. Share capital (continued)

As at June 30, 2015, there was total unrecognized compensation cost of $75,211 (2014 - $272,593) 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 – 2.00	2,565,666	3.02	1.28	2,210,659	1.36
2.01 – 2.35	1,635,000	1.74	2.35	1,635,000	2.35
2.36 – 3.65	80,000	0.21	3.65	80,000	3.65
3.66 – 6.45	1,305,000	0.63	5.31	1,305,000	5.31
	5,585,666	2.05	2.57	5,230,659	2.69

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

	2015	**2014**
Risk-free interest rate	-	1.27%-1.69%
Dividend yield	-	0%
Volatility	-	70%-76%
Forfeiture rate	-	26%
Estimated expected lives	-	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.

7. Share capital (continued)

Restricted Share Units, Performance Share Units

A summary of the RSUs outstanding is as follows:

	Number outstanding	Weighted average fair value $
Balance, January 1, 2014	280,000	1.64
Exercised	(280,000)	1.64
Balance, December 31, 2014 and June 30, 2015	-	-

During the six months ended June 30, 2015, the Company recorded $Nil (2014 - $39,000) of share-based compensation for RSUs. Share-based compensation of $Nil (2014 - $3,900) was recorded in the statement of operations and net income (loss) and share-based compensation expense of $Nil (2014 - $35,100) was capitalized to mineral properties.

A summary of the PSUs outstanding is as follows:

	Number outstanding	Weighted average fair value $
Balance, January 1, 2014	940,000	0.80
Forfeited	(55,000)	0.80
Balance, December 31, 2014	885,000	0.80
Forfeited	(50,000)	0.80
Balance, June 30, 2015	835,000	0.80

7. Share capital (continued)

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 six months ended June 30, 2015, the Company recorded $87,683 (2014 - $65,959) of share-based compensation for PSUs. Share-based compensation of $4,174 was reversed (2014 – recorded $9,986) in the statement of operations and net loss and share-based compensation expense of $91,857 (2014 - $55,973) 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 engaged a third party consultant to enter into purchase and sales transaction to exchange US dollars into RMB. During the six months ended June 30, 2015, Minco China paid and accrued consultancy fees totaling RMB 1,304,709 ($261,978) (2014 – RMB 139,692 ($24,911)) due to a third party, who assisted in the completion of currency exchange of the US funds into RMB.

As at June 30, 2015, Minco China held US$5,401,778($6,673,357) (December 31, 2014 – US$11,352,188 ($13,201,460)) and RMB 42,681 ($8,662) (December 31, 2014 – RMB 39,513 ($7,466)) in trust for the Company.

8. Related party transactions (continued)

(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 June 30, 2015 were $3,882,404 (December 31, 2014 – $3,603,847) and consisted of the following:

Amount due from Minco China as at June 30, 2015 of $201,242 (December 31, 2014 – due to Minco China of $35,102) representing funds advanced from Foshan Minco to Minco China to support its operating activities in China.

Amount due from Minco Gold as at June 30, 2015 of $3,681,162 (December 31, 2014 – $3,638,949) 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 amounts due from Minco Gold consist of $3,700,000 debt from Minco Gold and $18,838 share expenses due to Minco Gold. $3,700,000 was settled as part of the Company's acquisition of the Changkeng Gold Project (note 11).

During the three months ended June 30, 2015, the Company paid or accrued $23,475 (June 30, 2014 – $35,220) in respect of rent and $104,112 (June 30, 2014 – $139,336) in respect of shared head office expenses and administration costs to Minco Gold.

During the six months ended June 30, 2015, the Company paid or accrued $49,383 (June 30, 2014 – $73,124) in respect of rent and $359,105 (June 30, 2014 – $379,178) 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

During the three and six months ended Jun 30, 2015 and 2014, 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 June 30,		Six months ended June 30,	
	2015	**2014**	**2015**	**2014**
	$	$	$	$
Cash remuneration	177,343	249,419	373,317	459,734
Share-based compensation	55,124	209,608	109,543	507,420
	232,467	459,027	482,860	967,154

9. 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

			June 30, 2015
	Canada	**China**	**Total**
	$	$	$
Non-current assets	13,030	35,049,168	35,062,198

			December 31, 2014
	Canada	**China**	**Total**
	$	$	$
Non-current assets	20,022	32,023,817	32,043,839

10. 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).

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 party amounts are unsecured, non-interest bearing and payable on demand.

11. Subsequent event

On May 22, 2015, the Company entered into a share purchase agreement (the "SPA") with Minco Gold and Minco HK. Pursuant to the SPA, the Company agreed to purchase all of the issued and outstanding shares of Minco Gold's wholly-owned subsidiary, Minco Resources Limited, which holds Minco China. Minco China owns certain subsidiaries including legal ownership of Foshan Minco and a 51% interest in Guangdong Mingzhong Mining Co. Ltd., which owns the Changkeng Gold Project. By acquiring control of Minco China, the Company obtained legal ownership of Foshan Minco and consequently no longer requires trust agreements related to the funding of the Fuwan Project. The aggregate purchase price of $13,732,260 is subject to certain adjustments for three assets to be retained by Minco Gold including the contingency receivable from a legal settlement with 208 Team, the Gold Bull Mountain Property, and the Longnan permits. The Company transferred a refundable purchase deposit of $1,600,000 to Minco Gold upon the signing of the SPA. The remaining balance in cash of $8,416,397, which is net of the debt from Minco Gold to the Company of $3,700,000, and other adjustments of $15,863, was transferred to Minco Gold on the transaction closing date of July 31, 2015.