MINCO SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2015

This Management's Discussion and Analysis ("MD&A") of Minco Silver Corporation ("Minco Silver" or the "Company") has been prepared on the basis of available information up to August 11, 2015 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the three and six months ended June 30, 2015 and the audited consolidated financial statements and related notes for the year ended December 31, 2014. The Company's condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The Company's audit committee reviews the condensed consolidated interim financial statements and MD&A, and recommends approval to the Company's board of directors.

Additional information, including the above mentioned audited financial statements for the year ended December 31, 2014 and the MD&A and Annual Information Form ("AIF") for the same period, which contain extensive disclosure of the history and properties of the Company, are available on SEDAR.

Minco Silver (TSX: MSV) was incorporated under the laws of British Columbia, Canada on August 20, 2004. Minco Silver is engaged in the acquisition and exploration of precious metals mineral properties and projects. The Company indirectly through its wholly owned subsidiary Minco Investment Holding HK Limited ("Minco HK") owns a 90% beneficial interest in the shares of Foshan Minco Mining Co. Ltd. ("Foshan Minco") subject to a 10% net profit interest held by the Guangdong Geological Bureau ("GGB") which owns the Fuwan Silver Deposit, situated along the northeast margin of the Fuwan Silver Belt in Guangdong Province, People's Republic of China ("China"). The Company's activities in respect of the Fuwan Silver Deposit are sometimes referred to as the "Fuwan Project" or the "Fuwan Silver Project."

Foshan Minco is legally owned by Minco Mining (China) Corporation ("Minco China"), a subsidiary of Minco Gold Corporation ("Minco Gold"), and held in trust for the Company.

Minco Silver Ltd., Minco Yinyuan Co., and Minco HK are the wholly owned subsidiaries of the Company. The Company, indirectly through Foshan Minco, owns 90% of Zhongjia Jinggu Limited ("Zhongjia").

As at June 30, 2015, the Company had 59,631,418 common shares, 835,000 performance share units, and 5,585,666 stock options for a total of 66,052,084 fully diluted common shares outstanding.

At the date of this MD&A, the Company has 59,631,418 common shares, 835,000 performance share units and 5,585,666 stock options, for a total of 66,052,084 fully diluted common shares outstanding. Minco Gold owns 18.45% of the outstanding shares of the Company.

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1. Highlights For the Quarter

During the three and six months ended June 30, 2015, the Company disposed of 47,719,423 common shares of Gold Road Resources Limited for net proceeds of $18,682,204, resulting in a gain of $4,792,888.

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 Property. 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 of $8,416,397, which is net of the debt 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. The Company believes that the acquisition would allow the Company has direct control of both the Fuwan Silver Project and the Changkeng Gold Project. The trust agreement on the Fuwan Silver Project between Minco Gold and the Company was terminated at the closing of the transaction. The Company intends to advance the Fuwan Silver Project and the Changkeng Gold Project together as one project to significantly reduce capital and operating costs on the project.

2. Exploration and Project Development Activities

2.1 Disclosure of Technical Information

Disclosure of technical information or information of a scientific nature for the Fuwan Project has been disclosed in two Technical Reports, which are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com or on the Company's website at www.mincosilver.com. They are as follows:

The National Instrument 43-101 ("NI 43-101") compliant technical report entitled "Technical Report and Updated Resource Estimate on the Fuwan Property Guangdong Province, China", dated January 25, 2008, prepared by Eugene Puritch, P. Eng. Ontario, Tracy Armstrong, P. Geo Ontario, and Antoine Yassa, P.Geo. Québec, all of P&E Mining Consultants Inc. ("P&E"). This technical report includes relevant information regarding the data, data validation and the assumptions, parameters and methods of the mineral resource estimates on the Fuwan Project.

Minco Silver Corporation News Release dated May 12, 2008 entitled "Minco Silver Announces a 31% increase in the Indicated Resource on its Fuwan Silver Project".

The NI 43-101 compliant technical report entitled "Fuwan Silver Project Feasibility Study Technical Report" effective date September 1, 2009 (the "Feasibility Study") prepared by John Huang, P.Eng., S. Byron V. Stewart, P.Eng., Aleksandar Živković, P.Eng. and Scott Cowie, B.Eng, MAusIMM, all of Wardrop Engineering Inc. ("Wardrop"), and Eugene Puritch, P.Eng. of P&E and all qualified persons for NI 43-101. This technical report includes relevant information regarding the data, data validation and the assumptions, parameters and methods used in determining the ore reserves on the Fuwan Project.

All other disclosure of a scientific or technical nature in this MD&A was reviewed and approved by Thomas Wayne Spilsbury, an independent director of Minco Silver, a Member of the Association of Professional Engineers and Geoscientists of BC (P Geo), a Member of the Australian Institute of Geoscientists and a Fellow of the Australasian Institute of Mining and Metallurgy CP (Geo) and a "qualified person", as defined in NI 43-101.

2.2 Fuwan Silver Project

The Company's principal property is the Fuwan Silver Deposit located in Gaoming County approximately 45 km southwest of Guangzhou, the fourth largest city in China with 13 million people and the capital city of Guangdong Province. The Company's objective is to develop the Fuwan Silver Deposit and commence commercial mining operations on the property.

The Company, through Foshan Minco, has three reconnaissance survey exploration permits on the Fuwan Silver Deposit, having a total area of 125.74 sq. km, covering a major part of the northeast-trending Fuwan silver belt which hosts the known gold and silver occurrences in the Sanzhou basin, including the Fuwan silver and Changkeng gold deposit in which Minco Gold owns a 51% interest. The exploration permit for the Fuwan main deposit area is the Luoke-Jilinggang (57.16 sq. km.). The Company successfully renewed the exploration permit of Luoke- Jilinggang in 2013 for a two-year period ending on July 20, 2015. The Company has submitted the renewal application, which is currently being processed by the Ministry of Land and Resources in China. Another two silver exploration permits on the Fuwan belt were set to expire on April 7, 2014, referred to as Guyegang (55.88 sq. km.), Hecun (12.7 sq. km.) and are held by Minco China in trust for the Company. The Company has submitted the renewal application for the two remaining permits that were originally set to expire on April 7, 2014. The renewed applications are currently being processed by the Ministry of Land and Resources.

2.2.1 Current Developments on the Fuwan Silver Project

During the six months ended June 30, 2015, with the purchase of the interest in Changkeng project, the company is planning to optimize the combined mining footprint of Fuwan and Changkeng projects. A new Chinese feasibility study for Fuwan-Changken Silver-Gold project has being prepared by CHALIECO a Chinese design engineering institute based in Changsha, Hunan Province, China and is under review by the management now. After completion of a new feasibility study and rescoping of the combined Fuwan and Changkeng silver-gold project, the Company will engage a provincial environmental assessment firm in Guangdong Province to prepare a new EIA report.

During 2014 and 2013, the Company made efforts to regain the support of local communities and had productive discussions with Zhaoqian District government and Gaoyao County government to develop the Fuwan Silver Project before the submission of the revised EIA report to Guangdong EPA department. In 2013, the Company conducted a new survey among local communities concerning the development of the Fuwan Silver Project and obtained very strong support from the locals. On May 26, 2013, Gaoyao County government issued an official approval of the development of the Fuwan Silver Project to the Company.

In 2010 the Company engaged Guangdong Nuclear Design Institute ("GNDI") to complete the Chinese Regulatory EIA report. The EIA report was reviewed and approved by a technical panel appointed by the Department of Environmental Protection Administration of Guangdong Province in principle on March 7, 2010 with certain comments. The Company submitted the revised report to the Department in December 2010 after addressing the comments received from the panel.

The Company engaged General Station for Geo-Environmental Monitoring of Guangdong Province ("GSGEM") for a water monitoring study to comply with the new water regulations issued by the Ministry of Environmental Protection of China effective on June 1, 2011. GSGEM carried out the required monitoring study and prepared all reports required for compliance with the new National Water Guidelines. The Company successfully completed the field work in January 2012 and received the comprehensive water monitoring report from GSGEM in April 2012. The report concluded that the Company is in compliance with the requirements of the new National Water Guidelines.

Revision of the EIA report has been completed incorporating the results from the water monitoring survey report. The revised EIA will be submitted to the Guangdong Environment Protection Administration ("EPA") as soon as they are accepting new EIA reports. The delay in approval of the EIA report for the Fuwan Silver Project is due to the negative impact caused by the collapse of the tailing dam of an operating mine in Guangdong Province four years ago.

The preliminary mine design was completed in 2013 by China Nerin Engineering Co. Ltd ("NERIN") and will be released after the requirements from the approved EIA report are met.

The following summarizes significant progress made in Permitting and Approval on the Fuwan Silver Deposit:

- The Chinese Preliminary Feasibility Study was completed by Changsha Non-Ferrous Mine Design Institute and approved by an expert panel.
- 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 MOLAR. The renewed permit expires on April 10, 2016.
- The Soil and Water Conservation Plan was completed and approved.
- The Geological Hazard Assessment was completed and approved in September 2009.
- The Mine Geological Environment Treatment Plan was reviewed and approved by the Environment Committee of China Geology Association.
- The preliminary Safety Assessment draft report was completed in December 2011 and submitted to the Safety Bureau of Guangdong Province for approval.

2.2.2 Feasibility Study, Resource Estimates, and Exploration Program

There have been no significant changes in the Feasibility Study, resource estimate and exploration program during the six months ended June 30, 2015 and as at the MD&A date compared to the year ended December 31, 2014.

The Company considers the Technical Report remains valid as sensitivity analysis conducted on metal prices, operating cost and capital cost undertaken as part of the Feasibility Study are within the conditions that currently exist.

A comprehensive discussion of the Feasibility Study, Resource Estimate and Exploration Program are included in the Company's AIF for the year ended December 31, 2014, dated March 31, 2015 and is available on SEDAR at www.sedar.com.

2.2.3 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 renewed Changkeng exploration permit expires on September 10, 2015. Upon the completion of the Transaction, the Company will have direct control of both the Fuwan Silver Project and the Changkeng Gold Project. Please refer to section 1.

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.

3. Results of Operations

3.1 Development costs

During the three months ended June 30, 2015, the Company incurred $328,886, before a foreign exchange loss of $685,414, on development for the Fuwan Silver Project compared to $458,306, before a foreign exchange loss of $1,013,661, for the comparative period of 2014. Development costs in the period were minimal and primarily related to allocated staff costs. The decrease in development costs during the three months ended June 30, 2015 was mainly due to the following:

- Share-based compensation for the three months ended June 30, 2015 was $64,060 compared to $117,621 for the comparative period of 2014. The decrease was mainly due to no stock options being granted in 2015.

- Foreign exchange loss for the three months ended June 30, 2015 was $685,414 compared to $1,013,661 for the comparative period of 2014. The decrease in losses was due to a significant appreciation of the RMB against the Canadian dollar in the period of 2015

During the six months ended June 30, 2015, the Company incurred $673,208, before a foreign exchange gain of $2,365,623, on development for the Fuwan Silver Project compared to $983,988, before a foreign exchange loss of $309,550, for the comparative period of 2014. Development costs in the period were minimal and primarily related to allocated staff costs. The decrease in development costs during the six months ended June 30, 2015 was mainly due to the following:

- Share-based compensation for the six months ended June 30, 2015 was $119,563 compared to $255,703 for the comparative period of 2014. The decrease was mainly due to no stock options being granted in 2015.
- Foreign exchange gain for the six months ended June 30, 2015 were $2,365,623 compared to a foreign exchange loss of $309,550 for the comparative period of 2014. The increase was due to a significant appreciation of the RMB against the Canadian dollar in 2015

Total accumulated development costs were $34,660,658 as at June 30, 2015 (December 31, 2014 - $31,621,827).

The following is a summary of development costs capitalized or incurred for the Fuwan Silver deposit for the six months ended June 30, 2015 and 2014.

	Three months ended June 30,		Six months ended June 30		Cumulative to June 30,
	2015	2014	2015	2014	2015
	$	$	$	$	$
Consulting fees	102,344	99,041	211,297	203,892	5,187,094
Drilling	-	-	-	-	1,859,018
Salaries and benefits	34,398	59,663	78,817	127,173	2,438,676
Feasibility study	-	-	-	-	1,880,527
Share-based compensation	64,060	117,627	119,563	255,703	7,135,573
Mining design costs	9,088	16,275	14,455	16,275	648,434
Mining license application	11,231	102,841	75,881	234,422	3,849,504
Environment impact assessment	-	-	-	12,872	979,182
Travel	11,635	4,907	30,700	12,338	553,721
Site office rent and related costs	96,130	57,952	142,495	121,313	2,233,427
Total before foreign exchange	328,886	458,306	673,208	983,988	26,765,156
Foreign exchange gain	(685,414)	(1,013,661)	2,365,623	(309,550)	7,895,502
	(356,528)	(555,355)	3,038,832	674,438	34,660,658

3.2 Administrative expenses

The Company's administrative expenses include overhead associated with administering and financing the Company's development activities. The Company maintains a field office in Gaoming and Gaoyao Counties, Guangdong province, an office in Beijing, China and an office in Vancouver, Canada.

The following table is a summary of the Company's administrative expenses for the three and six months ended June 30, 2015 and 2014.

	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
Investor relations	2,206	838	9,016	12,442
Office administration	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 benefit	99,308	140,433	180,337	236,917
Share-based compensation	10,346	234,538	37,563	547,850
Travel and transportation	4,053	4,921	8,169	28,995
Total before foreign exchange	582,382	836,039	1,181,153	1,808,919
Foreign exchange (gain) loss	(22,998)	569,625	(1,316,394)	38,133
Operating loss (gain)	559,384	1,405,664	(135,241)	1,847,052

Administrative expenses for the three months ended June 30, 2015, exclusive of a foreign exchange gain of $22,998, were $582,382 compared to $836,039 for the same period of 2014, exclusive of a foreign exchange loss of $569,625.

Administrative expenses for the six months ended June 30, 2015, exclusive of a foreign exchange gain of $1,316,394, were $1,181,153 compared to $1,808,919 for the same period of 2014, exclusive of a foreign exchange loss of 38,133.

Significant changes in expenses are as follows:

Audit, legal and regulatory

Audit, legal and regulatory costs for the three months ended June 30, 2015 were $73,891 compared to $60,428 for the comparative period of 2014. The increase was due to the Company engaging its external auditor for the quarterly review in 2015.

Audit, legal and regulatory costs for the six months ended June 30, 2015 were $124,641 compared to $117,293 for the comparative period of 2014. The decrease was due to the same reason described above.

Consulting

Consulting fees for the three months ended June 30, 2015 were $16,232 compared to $8,679 for the comparative period of 2014. The increase was mainly due to the Company engaging a consultant to act as the general manager for the Gaoyao office during 2015.

Consulting fees for the six months ended June 30, 2015 were $52,985 compared to $20,109 for the comparative period of 2014. The increase was due to the same reason described above.

Foreign exchange gains and losses

The foreign exchange gain was $22,998 for the three months ended June 30, 2015 compared to a foreign exchange loss of $569,625 for the comparative period of 2014. In May, the Company received $13.3 million US dollar from selling the Gold Road shares. At the period end, The Company revaluated the US dolloar. The foreign exchange gain during the period in 2015 was due to the significant appreciation of the US dollar against the Canadian dollar.

The foreign exchange gain was $1,316,394 for the six months ended June 30, 2015 compared to a foreign exchange loss of $38,133 for the comparative period of 2014. The foreign exchange gain during the period in 2015 was due to the same reason described above.

Field office expense

Field office expense was $227,325 for the three months ended June 30, 2015 compared to $177,350 for the comparative period of 2014. The increase was due to the significant appreciation of the RMB against the Canadian dollar, more business meetings and an increase in general and administrative expenses during the period of 2015.

Field office expense was $390,487 for the six months ended June 30, 2015 compared to $345,224 for the comparative period of 2014. The increase was due to the same reason described above.

Rent

Rent expense was $51,075 for the three months ended June 30, 2015 compared to $70,324 for the comparative period of 2014. The decrease was due to a cost savings from an office space reduction in Vancouver during 2014.

Rent expense was $146,350 for the six months ended June 30, 2015 compared to $176,070 for the comparative period of 2014. The decrease was due to the same reason described above.

Salaries and benefits

Salaries and benefits for the three months ended June 30, 2015 were $101,666 compared to $140,443 for the comparative period of 2014. The decrease was mainly due to the departure of the CFO during the second quarter of 2014.

Salaries and benefits for the six month ended June 30, 2015 were $182,695 compared to $236,917 for the comparative period of 2014. The decrease was due to the same reason described above.

Share-based compensation

Share-based compensation for the three months ended June 30, 2015 were $10,346 compared to $234,538 for the comparative period of 2014. The decrease was mainly due to no stock options being granted in 2015.

Share-based compensation for the six months ended June 30, 2015 was $182,695 compared to $547,850 for the comparative period of 2014. The decrease was due to the same reason described above.

Travel and transportation

Travel and transportation expenses for the three months ended June 30, 2015 were $4,053, which was consistent with $4,921 for the comparative period of 2014.

Travel and transportation expenses for the six months ended June 30, 2015 were $8,169 compared to $28,995 for the comparative period of 2014. The decrease was due to reduced travel by the directors and officers of the Company during 2015.

3.3 Finance and other income (expenses)

To date the Company has not earned any revenue from operations other than interest income earned on short-term investments.

Interest income

Interest income for the three months ended June 30, 2015 was $279,762 compared to $240,903 for the comparative period of 2014.

Interest income for the six months ended June 30, 2015 was $530,322 compared to $483,336 for the comparative period of 2014.

Other income (expenses)

During the three months ended June 30, 2015, the Company recorded a gain of $4,188,330 on disposal of the remaining 39.3 million shares of Gold Road Resources Limited.

During the six months ended June 30, 2015, the Company recorded a gain of $4,792,888 on disposal of its total investment of 47.7 million shares of Gold Road Resources Limited.

During the six months ended June 30, 2015, the Company incurred $261,978 ($29,062 for the comparative period of 2014) to complete the exchange the US funds into RMB. 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 transactions to exchange US dollars into RMB.

4. Summary of Quarterly Results

		Net income (loss) per share	
Period ended	**Net income (loss)**	**Basic**	**Diluted**
	$	**$**	**$**
06-30-2015	3,658,536	0.06	0.07
03-31-2015	1,537,937	0.03	0.03
12-31-2014	(255,428)	(0.01)	(0.01)
09-30-2014	(17,310)	(0.00)	(0.00)
06-30-2014	(1,139,929)	(0.02)	(0.02)
03-31-2014	(252,849)	(0.00)	(0.00)
12-31-2013	(155,766)	(0.00)	(0.00)
09-30-2013	(1,497,810)	(0.03)	(0.03)

Variations in quarterly performance over the eight quarters were primarily due to changes in foreign exchange rates and share-based compensation. Appreciation or depreciation of the US dollar can result in significant foreign exchange gains and losses due to the US dollar funds held by the Company.

Net income increased to $1.5 million for the period ended March 31, 2015 mainly due to the Company recording a foreign exchange gain and a gain on the partial disposition of its Gold Road Resources Limited investment.

Net income increased to $3.7 million for the period ended June 30, 2015 mainly due to the Company recording a gain of $4.2 million on the disposition of its Gold Road Resources Limited investment.

5. Liquidity and Capital Resources

5.1 Cash Flows

	Six months ended June 30,	
	2015	**2014**
	$	$
Operating activities	(2,025,803)	(1,575,540)
Investing activities	16,648,536	(9,403,792)

Operating activities

For the six months ended June 30, 2015, the Company used $2,025,803 cash in operating activities compared to $1,575,540 in the comparative period of 2014.

Investing activities

For the six months ended June 30, 2015, the Company received $16,648,536 in cash from investing activities compared to cash used of $9,403,792 for the comparative period of 2014. During the period, the Company purchased short-term investments of $8,703,937 compared to $12,885,514 for the comparative period of 2014. In addition, to purchasing the interest in Changkeng Gold Project, and the Changkeng Joint Venture, the Company transferred a refundable deposit of $1,600,000 related to the transaction (Section 1), which was offset by the cash realized from the disposal of investments of $18,682,204.

5.2 Capital Resources

The Company uses the following key financial measurements to assess its financial condition and liquidity:

	June 30, 2015	December 31 2014
	$	$
Working capital	69,066,731	60,101,207
Cash and cash equivalents	27,902,341	11,938,544
Short-term investment	34,604,028	33,560,374

The Company's working capital has increased to $69,066,731 as at June 30, 2015 compared to $60,101,207 at the year end of 2014. The increase in working capital was due primarily to the appreciation of the RMB and US dollar against the Canadian dollar, which was offset by the day-to-day use of cash to support the Company's operations, and due to a gain recorded on the disposition of the Company's investments in 2015.

The Company does not generate revenues and relies on equity and debt financing for its working capital requirements to fund exploration, development, permitting and administrative activities. As at June 30, 2015, the Company has sufficient working capital available to meet its current operational and development requirements.

The Company cannot invest directly in Foshan Minco as Foshan Minco is legally owned by Minco China. Minco China is a wholly foreign owned entity ("WFOE") for the purposes of Chinese law and is a subsidiary of Minco Gold. All funding supplied by Minco Silver for financing of the Fuwan Project must first go through Minco China via Minco Gold to comply with Chinese Law. This approach will be applied when profits realized by Foshan Minco are repatriated to Minco Silver, they must first pass through Minco China, Minco Resources and Minco Gold. In the normal course of business the Company uses trust agreements when providing cash, denominated in US dollars, to Minco China via Minco Gold for the purpose of increasing the registered capital of Foshan Minco.

Minco China is a wholly owned subsidiary of Minco Resources. Minco China is a registered entity in China however it is classified as being a WFOE 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.

For the cash denominated in RMB that is maintained in China, the remittance of funds to jurisdictions outside China may be subject to government rules and regulations on foreign currency controls. Such remittance may require approval by the relevant government authorities or designated banks in China or both.

Under Chinese law, WFOEs are subject to restrictions on the repatriation of profits out of China. In order to repatriate profits from China to Minco Gold and ultimately, Minco Silver, the Company must comply with Chinese regulations pertaining to repatriations. In order to repatriate profits to Canada, Minco China must provide the following documents to its Chinese bank: (i) a board resolution authorizing the distribution; (ii) a capital verification report and an audit report; (iii) a tax certificate, which shows that Minco China has paid the related tax in compliance with Chinese laws; and (iv) a foreign exchange registration certificate.

5.3 Contractual Obligations

The Company`s contractual obligations are related to a cost sharing agreement between the Company, Minco Gold and Minco Base Metals Corporation ("MBM"), related parties domiciled in Canada, and outlines shared expenses incurred by the three companies including consulting and rental expenses. The cost sharing agreement is renegotiated or amended by the parties annually.

The Company entered into multiple agreements with consultants in respect of the permitting of the Fuwan Silver mine. The Company has no other long-term debt at this time.

There were no significant changes to the Company's contractual obligations for the six months ended June 30, 2015 compared to the year ended 2014. Please refer to the details in the Company's 2014 MD&A dated March 27, 2015, available on SEDAR.

5.4 Use of Proceeds from Public Offering

The Company closed a public offering by way of a short form prospectus, of 7,600,000 common shares at a price of $5.95 per share for gross proceeds of $45,220,000 on March 3, 2011. The Company intends to use the funds towards its ongoing efforts to complete the permitting process for the Fuwan Project and for general corporate purposes. In the event that the Company receives all permits and licenses required to construct and operate the mine on the Fuwan Project, a portion of the funds will be used to partially fund the pre-production capital costs of the mine. The total pre-production capital costs of the Fuwan Silver Project are estimated to be US$73,060,000 based on the Feasibility Study Technical Report published by the Company effective September 1, 2009. This report is available on the Company's website and on SEDAR.

During 2014, the Company purchased 47,719,423 common shares of Gold Road Resources Limited for $13,889,316 for investment purposes. During the six months ended June 30, 2015, the Company disposed all of its common shares of Gold Road Resources Limited for net proceeds of $18,682,204.

The planned use of proceeds from the public offering has not significantly changed for the six months ended June 30, 2015 compared to the Company's initial plan.

Use of the proceeds in funding the pre-production capital costs of the Fuwan Project will not occur until the permitting process is complete, allowing the Company to construct and operate the Fuwan Project mine.

6. Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

7. Transactions with Related Parties

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 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 a 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 139,632 ($24,911)) due to a third party, who assisted in the completion of the currency exchange from US funds into RMB.

As at June 30, 2015, Minco China held US$5,401,778 ($6,673,357) (December 31, 2014 – US$11,352,168 ($13,201,460)) and RMB 42,681 ($8,662) (December 31, 2014 – RMB 39,513 ($7,466)) in trust for the Company.

Shared expenses

The Company shares its Vancouver office with Minco Gold and MBM, and shares its Beijing offices with Minco Gold, which allocates a portion of salaries, rent and office administration expenses at cost to the Company.

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:

Amounts 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 to Minco China to support its operating activities in China.

Amounts 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. Amounts due from Minco Gold consist of $3,700,000 debt from Minco Gold and $18,838 share expenses due from Minco Silver. Debt $3,700,000 was settled by way of the transaction to purchase the Changkeng project. Please refer to section 1.

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.

Key management compensation

During the three and six months ended June 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

8. Critical Accounting Estimates and Judgments

The preparation of the Company's condensed consolidated interim financial statements requires management to use judgment in applying its accounting policies, estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the company has made in the preparation of the financial statements:

Impairment

Mineral Interests

In accordance with the Company's accounting policy, the Company's mineral interest is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, silver prices, future plans for the Company's mineral properties and mineral resources and/or reserve estimates.

Management has assessed for impairment indicators on the Company's mineral interest to determine whether the mineral interest might be impaired. Management has concluded that despite negative sentiments in the precious metals sector which contributed to the Company's carrying amount of net assets exceeding its market capitalization, the Company plans to continue with its objective of developing the Fuwan Silver project.

9. Accounting Standards Issued but Not Yet Applied

IFRS 9 *Financial Instruments*

IFRS 9, was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 *Financial Instruments: Recognition and Measurement* for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. The effective date of this standard will be for periods beginning on or after January 1, 2018 with early adoption permitted. The Company has not yet assessed the impact of this standard.

10. Financial Instruments

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of operations or comprehensive loss. Those categories are: fair value through profit or loss, loans and receivables, available-for-sale and amortized cost for liabilities.

The following table shows the carrying values of assets and liabilities for each of these categories at June 30, 2015 and December 31, 2014.

	June 30, 2015	December 31, 2014
Loans and receivables	**$**	**$**
Cash and cash equivalents	27,902,341	11,938,544
Short-term investments	34,604,028	33,560,374
Receivables	848,344	370,903
Due from related parties	3,882,404	3,603,847
Purchase deposit	1,600,000	-
Available-for-sale		
Investment	-	10,865,140
Other financial liabilities		
Accounts payable and accrued liabilities	118,489	419,592

Investments are measured at fair value based on quoted market price and are level 1 fair value measurement. The Company makes strategic securities purchases from time to time for investment purposes depending on market conditions and any other relevant factors.

Financial instruments that are not measured at fair value are represented by cash and cash equivalent, short-term investments, receivable, 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. Its ability to repay the loan is subject to the entity's ability to raise funds. This could cause uncertainty as to the timing of repayment.

Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. Risk management activities are carried out by management, who identifies and evaluates the financial risks.

Price risk

Financial instrument that expose the Company to price risk is the investment.

We hold common shares as an investment which is measured at fair value, being the closing price at the reporting date. We are exposed to changes in share prices which would result in gains and losses being recognized in total comprehensive income or loss. A +/- 10% in share prices would result in a +/- $1.3 million impact on total comprehensive income or loss.

Foreign exchange risk

The functional currency of the Company is the Canadian dollar and the functional currency of its Chinese subsidiaries is RMB. Most of the foreign currency risk is related to US dollar funds held by the Company and its Chinese subsidiaries. Therefore, the Company's net earnings are impacted by fluctuations in the valuation of the US dollar in relation to the Canadian dollar and RMB.

The Company does not hedge its exposure to currency fluctuations. The Company has completed a sensitivity analysis to estimate the impact that a change in foreign exchange rates would have on the net loss of the Company, based on the Company's net US$22.5million and RMB 6.15 million monetary assets as at June 30, 2015. This sensitivity analysis shows that a change of +/- 10% in US$ foreign exchange rate would have a -/+ US$2.3 million impact on net loss, and a change of +/- 10% RMB foreign exchange rate would have a -/+ RMB 0.62 million impact on net loss.

Interest rate risk

Financial instruments that expose the Company to interest rate risk are cash and cash equivalents and short-term investments.

The Company has completed a sensitivity analysis to estimate the impact that a change in interest rates would have on the net loss of the Company. This sensitivity analysis shows that a change of +/- 100 basis points in interest rate would have a -/+ $0.4 million impact on net loss. This impact is primarily as a result of the Company holding short-term investments such as guaranteed investment certificates and as a result of the Company having cash invested in interest bearing accounts.

11. Risks Factor and Uncertainties

A comprehensive discussion of risk factors is included in the Company's AIF for the year ended December 31, 2014, dated March 31, 2015 available on SEDAR at www.sedar.com.

12. Disclosure Controls and Procedure and Internal Controls over Financial Reporting

Management has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. Management is also responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The control framework used to design the Company's internal control over financial reporting is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

During the six months ended June 30, 2015, there have been no material changes in the Company's internal control over financial reporting.

13. Cautionary Statement of Forward Looking Information

Except for statements of historical fact, this MD&A contains certain "forward looking information" and "forward looking statements" within the meaning of applicable securities laws, which reflect management's current expectations regarding, among other things and without limitation, the Company's future growth, results of operations, performance and business prospects, opportunities, future price of minerals and the effects thereof, the estimation of mineral reserves and resources, the timing and amount of estimated capital expenditures, the realization of mineral reserves estimates, costs and timing of proposed activities, plans and budgets for and expected results of exploration activities, exploration and permitting timelines, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation obligations and expenses, the availability of future acquisition opportunities and use of proceeds from financing. Generally, forward looking statements and information can be identified by the use of forward looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes" or variations of such words and phrases or statements that certain actions events or results "may", "could", "would", "might", "will be taken", "occur" or "be achieved" or the negative connotation thereof.

Forward looking statements are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performances or achievements of the Company to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company operates, including the price of silver, anticipated costs and ability to achieve goals. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward looking statements include, among others, silver price volatility, mineral reserves and resources and metallurgical recoveries, mining operational and development risks, litigation risks, regulatory restrictions (including environmental regulatory restrictions and liability), activities by governmental authorities (including changes in taxation),

currency fluctuations, the speculative nature of mineral exploration, the global economic climate, dilution, share price volatility, competition, loss of key employees, additional funding requirements and defective title to mineral claims or property.

Although the Company has attempted to identify important factors that could cause actual events or results to differ materially from those described in forward looking statements, there may be other factors that cause events or results not be as anticipated, estimated or intended.

Such forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements expressed or implied by statements containing forward looking information. Such factors include, among others: results of exploration and development activities, management's historical experience with development-stage mining operations, regulatory changes, possible variations in reserves, grades or recovery rates, availability of material and equipment, timeliness of governmental approvals, changes in commodity prices (particularly silver prices), general economic, market and business conditions, unanticipated environmental impacts on operations, the availability of capital of acceptable terms, and the other factors discussed in the section entitled "Risk and Uncertainties" in this MD&A.

Forward looking statements included or incorporated by reference in this MD&A are based on a number of assumptions including:

- The Company being able to successfully complete the Mining License Application process and begin construction of the Fuwan Silver mine.
- The approval of the Company's EIA by Chinese authorities.
- The continued availability of equity and debt financing to fund the completion of the Fuwan Silver Project mine and other exploration and development activities.
- Intended use of proceeds from the Company's previous public offering.
- The continued ability of the Company to attract and retain key management personnel.
- The ability of the Company to evaluate precious metals project outside China for potential acquisition.
- The ability of the Company to pursue an alternative strategy in finding a large mining group in China as a business partner.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that statements containing forward looking information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on statements containing forward looking information.

The Company undertakes no obligation to update forward looking information if circumstances or management's estimates or opinions should change except as required by law. Users of this MD&A are cautioned not to place undue reliance on forward looking statements.