ANNUAL INFORMATION FORM

For the year ended December 31, 2015

Dated as at March 30, 2016

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ITEM 1. PRELIMINARY NOTES

1.1 Date of Information

All information in this Annual Information Form is as of December 31, 2015, unless otherwise indicated.

1.2 Cautionary Statement Regarding Forward-Looking Information

Except for statements of historical fact, this Annual Information Form, contains certain "forward looking information" within the meaning of applicable securities laws, which reflect management's current expectations regarding, among other things and without limitation, Minco Silver Corporation's ("we", "our", "us", "its", the "Company" or "Minco Silver") 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 time-lines, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation obligations and expenses, the availability of future acquisition opportunities and use of the proceeds from financings. Generally, forward looking 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" or "might" occur or "will be taken", "occur" or "be achieved" or the negative connotation thereof.

Forward looking information 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 information is 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 the Company's ability to achieve its goals. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward looking information 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.

Forward looking information included or incorporated by reference in this Annual Information Form is based on a number of assumptions including:

- The Company being able to successfully complete its mining license application process and begin construction of the Fuwan Silver Project mine;
- The Company being able to successfully advance the Fuwan Project and the Changkeng Property, towards production
- The approval of the Company's Environmental Impact Assessment 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;
- The continued ability of the Company to attract and retain key management personnel;
- The ability of the Company to evaluate precious metal dominant project outside China for potential acquisition; and
- The ability of the Company to pursue an alternative strategy in finding a large mining group in China as a business partner.

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; our 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 and gold prices; general economic, market and business conditions; unanticipated environmental impacts on operations.

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 applicable law. Readers of this Annual Information Form are cautioned not to place undue reliance on our forward looking information.

1.3 Disclosure of Technical Information

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

A National Instrument 43-101 – *Standards of Disclosure for Mineral Project* ("NI 43-101") compliant technical report entitled "*Technical Report and Updated Resource Estimate on the Fuwan Property, Guangdong Province, China*", dated effective December 2, 2007, was prepared by Eugene Puritch, P. Eng. Ontario, Tracy Armstrong, P. Geo Ontario and Antoine Yassa, P.Geo. Québec, all of P&E, all "qualified persons", as such term is defined in NI 43-101. 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. For additional information, see Minco Silver Corporation's news release dated May 12, 2008 entitled "Minco Silver Announces a 31% increase in the Indicated Resource on its Fuwan Silver Project", a copy of which is available on SEDAR.

A NI 43-101 compliant technical report entitled "*Fuwan Silver Project Feasibility Study Technical Report*", dated effective September 1, 2009, was 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, and Eugene Puritch, P.Eng. of P&E, all "qualified persons", as such term is defined in NI 43-101. This technical report includes relevant information regarding the data, data validation and assumptions, parameters and methods used in determining the ore reserves on the Fuwan Project.

Technical Information respecting the Changkeng Gold Project is primarily derived from a NI 43-101 compliant technical report prepared for Minco Gold Corporation entitled "*Technical Report and Updated Resource Estimate on the Changkeng Gold Property, Guangdong Province, China*", dated effective February 21, 2009, was prepared by Tracy Armstrong, P. Geo Ontario, Eugene Puritch, P. Eng. Ontario and Antoine Yassa, P.Geo. Québec, all of P&E Mining Consultants Inc., all "qualified persons", as such term is defined in NI 43-101. This technical report includes relevant information regarding the data, data validation and the assumptions, parameters and methods of the mineral resource estimates on the Changkeng Property.

All other disclosure of a scientific or technical nature in this Annual Information Form 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, a Fellow of the Australasian Institute of Mining and Metallurgy CP (Geo) and a "qualified person", as such term is defined in NI 43-101.

1.4 Currency

All dollar amounts in this Annual Information Form are in Canadian dollars, except where otherwise indicated. The reporting currency of Minco Silver is the Canadian dollar.

The following tables set forth, for each period indicated, information concerning the exchange rates between the RMB, the US dollar and the Canadian dollar based on the Bank of Canada's nominal noon exchange rates. The tables below illustrate the portion or multiples of a Canadian dollar it would take to buy one RMB or US dollar.

Fiscal Year Ended December 31,	CDN$ per RMB			
	Average[(1)]	Low	High	Period End
2015	**0.2034**	**0.1890**	**0.2159**	**0.2131**
2014	0.1792	0.1712	0.1879	0.1869
2013	0.1660	0.1565	0.1750	0.1749

Fiscal Year Ended December 31,	CDN$ per USD			
	Average[(1)]	Low	High	Period End
2015	**1.2787**	**1.1728**	**1.3990**	**1.3840**
2014	1.1045	1.0614	1.1643	1.1601
2013	0.9714	0.9312	1.0187	0.9351

(1) The average of the Bank of Canada's daily nominal noon exchange rates during the year.

On March 29, 2016, the noon spot rate of exchange was C$1.3154 per US$

1.5 Glossary of Terms

(a) "**AIC**" means an Administration for Industry and Commerce.

(b) "**Changkeng Permit**" means the reconnaissance survey exploration permit (#T01120080102000011) and the renewed Changkeng Permit in respect of the 1.18km^2 Changkeng gold property in Gaoyao City of Guangdong Province in southern China.

(c) "**Changkeng Property**" or "**Changkeng Gold Project**" means the 1.18 km^2 Changkeng gold property in Gaoyao City of Guangdong Province in southern China, which adjoins the property underlying the Fuwan Silver Permit.

(d) "**CJV**" has the meaning ascribed thereto in the section entitled "Chinese Mining Regulations – Foreign Investment".

(e) "**Confirmation Agreement"** means the confirmation agreement entered into among Minco Gold, Minco China and Minco Silver dated August 24, 2006.

(f) "**DOC**" means a Department of Commerce.

(g) "**EIA**" means environmental impact assessment.

(h) "**EJV**" has the meaning ascribed thereto in the section entitled "Chinese Mining Regulations – Foreign Investment."

(i) "**Feasibility Study**" or "**Fuwan Technical Report**" means a NI 43-101 compliant technical report entitled "*Fuwan Silver Project Feasibility Study Technical Report*", dated effective September 1, 2009.

(j) "**FIE**" has the meaning ascribed thereto in the section entitled "Chinese Mining Regulations – Foreign Investment".

(k) "**Foshan Minco**" Means Foshan Minco Fuwan Mining Co., Ltd., a corporation incorporated in the City of Foshan under the laws of the People's Republic of China.

(l) "**Fuwan Exploration Permits**" means, collectively, the Luoke-Jilinggang Permit, the Guyegang Permit and the Hecun Permit.

(m) "**Fuwan Project**" or **"Fuwan Silver Project"** means the 126.92 km^2 Fuwan silver property which is located in Guangdong Province in southern China consisting of the following two components: (i) the properties which are the subject of the Fuwan Exploration Permits; and (ii) Minco Silver's interests in the silver mineralization on the Changkeng Property. Minco Silver acquired the Changkeng Property from Minco Gold in July 2015.

(n) "**Fuwan Silver Deposit**" means the portion of the Fuwan Project which is subject to the Feasibility Study.

(o) "**Hecun Permit**" means the reconnaissance survey exploration permit (#T01120080402000422) in respect of the 12.7km^2 lead-zinc property in Gaoming region, Foshan City of Guangdong province held by Minco China in trust for Foshan Minco.

(p) "**GGB**" means Guangdong Geological Bureau in Guangdong Province, China.

(q) "**GNDI**" means Guangdong Nuclear Design Institute of Guangdong Province, China.

(r) "**GSGEM**" means General Station for Geo-Environmental Monitoring of Guangdong Province.

(s) "**Guanhuatang Permit**" means the reconnaissance survey exploration permit (#T01120080502000491) in respect of the 27.3 km2 Guanhuatang silver and multi-metal property in Foshan City of Guangdong Province held by Minco China.

(t) "**Guyegang Permit**" means the reconnaissance survey exploration permit (#T01120080402000421) in respect of the 55.88km^2 silver and multi-metalsproperty in Gaoming Region, Foshan City of Guangdong Province issued to Minco China. .

(u) "**ICBC**" means the Industrial and Commercial Bank of China.

(v) "**Luoke-Jilinggang Permit**" means the reconnaissance survey exploration permit (#T01120080402000336) in respect of the 57.16 km^2 Luoke-Jilinggang silver and multi-metals property in Gaoyao City and Gaoming City of Guangdong Province issued to Foshan Minco, which was valid from July 20, 2013 to July 20, 2015, and which incorporated the original Fuwan permit and original Luoke-Jilinggang permit.

(w) "**Minco China**" means Minco Mining (China) Corporation, incorporated in Beijing under the laws of the People's Republic of China .

(x) "**Minco Gold**" means Minco Gold Corporation (formerly "Minco Mining & Metals Corporation").

(y) "**Minco HK**" means Minco Investment Holding HK Limited.

(z) "**Minco Resources**" means Minco Resources Limited.

(aa) "**MOLAR**" means Ministry of Land and Resources.

(bb) "**NERIN**" China Nerin Engineering Co Ltd.

(cc) "**P&E**" means P&E Mining Consultants Inc.

(dd) "**RMB**" means the Chinese currency Renminbi.

(ee) "**SAFE**" means State Administration of Foreign Exchange.

(ff) "**Sterling**" means Sterling Mining Company.

(gg) "**TSX**" means the Toronto Stock Exchange.

(hh) "**Wardrop**" means Wardrop Engineering Inc.

(ii) "**WFOE**" means a wholly foreign owned entity for the purposes of Chinese law.

ITEM 2. CORPORATE STRUCTURE

2.1 Name, Address and Incorporation

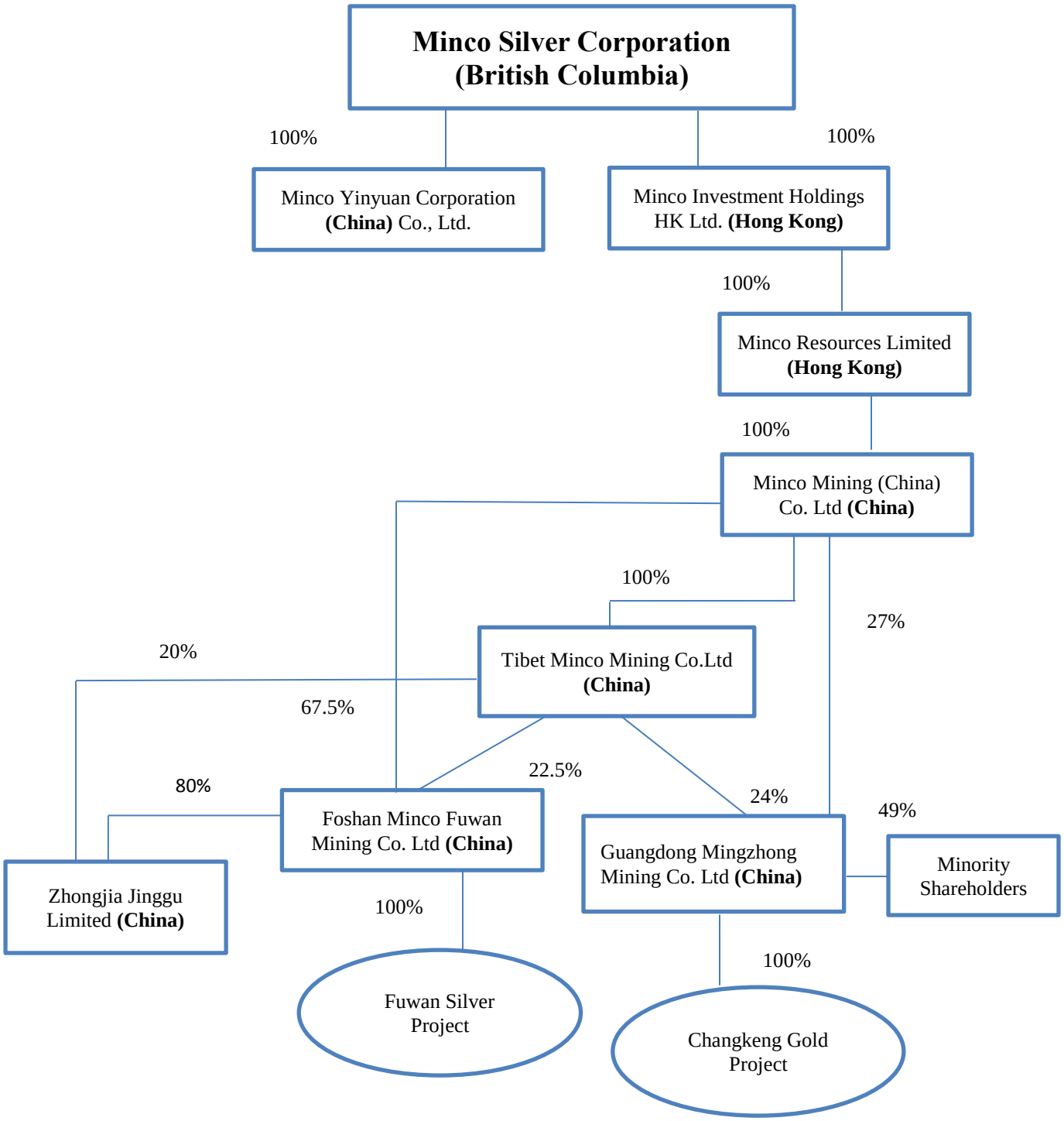
The full corporate name of our company is "Minco Silver Corporation". Our head and registered office is located at #2772-1055 West Georgia Street, Vancouver, British Columbia V6E 3R5. We were incorporated under the *Business Corporations Act* (British Columbia) on August 20, 2004 and our common shares trade on the TSX under the symbol "MSV".

2.2 Inter-corporate Relationships

Below is the Company's inter-corporate relationship diagram as at December 31, 2015

On May 22, 2015, pursuant to a share purchase agreement (the "SPA"), the Company, through its wholly owned subsidiary, Minco HK, acquired Minco Resources and its subsidiaries, which collectively own a 51% interest in the Changkeng Property. The Changkeng Property immediately adjoins the existing Fuwan Silver Deposit. The closing of the sale was announced by news release on July 31, 2015. As a result, the Company's corporate structure has been simplified.

As at December 31, 2015, our material subsidiaries and their respective jurisdictions of organization were as set out in the following diagram:



ITEM 3. GENERAL DEVELOPMENT OF THE BUSINESS

We are a development stage company focusing on the exploration and development of mineral resource projects. Our primary focus is to advance our properties the Fuwan Project and the Changkeng Property, towards production. The Fuwan Project and the Changkeng Property are joined with each other and are located approximately 45 kilometres southwest of Guangzhou City, China. We also seek to identify and acquire additional precious metal dominant projects that we believe will enhance shareholder value.

3.1 Three Year History

Recent Developments on Environmental Impact Assessment and Permitting

During the year ended December 31, 2015, the Company entered into the SPA on May 22, 2015, through its wholly owned subsidiary, Minco HK, for the acquisition of Minco Resources and its subsidiaries, which collectively own a 51% interest in the Changkeng Property. The Changkeng Property immediately adjoins our existing Fuwan Silver Deposit. The closing of the sale was announced by news release on July 31, 2015.

The Company also continued its effort to obtain the EIA approval for its Fuwan Silver Project and Changkeng Property, and searched for silver and gold-dominant projects outside of China.

Foshan Minco hosted site visits for top officers from the Guangdong Environment Protection Administration (the "EPA") and had continuous discussions on the EIA approval with various Chinese government agencies. During the same time, the Company reviewed several silver and gold dominant projects outside of China.

In 2013, the Company had productive communication with the Zhaoqian District government and the Gaoyao County government. Due to the fact that the last public opinion survey was carried out in 2008, the Company conducted a new survey among local communities concerning the development of the Fuwan Silver Project during the first half of 2013 and obtained strong support from the locals. On May 26, 2013, the Gaoyao County government issued an official approval to the Company for development of the Fuwan Silver Project.

Fuwan Exploration Permits are comprised of the Luoke-Jilinggang Permit, the Guyegang Permit and the Hecun Permit. The Company renewed the exploration permit of Luoke- Jilinggang in 2015 for a two-year period ending on July 20, 2017.

The Guyegang-Sanyatang permit expires on March 17, 2017.

The Company has submitted a renewal application for the Hecun permit that was originally set to expire on April 7, 2014. The renewal application is currently being processed by the Ministry of Land and Resources in China.

The Company successfully renewed the Mining Area Permit of the Fuwan Project for a two-year period ending on April 10, 2016. Also, the Company completed the preliminary mine design by NERIN.

Several large mining groups in China expressed an interest in the Fuwan Project in late 2012. During 2013, the Company hosted site visits, data reviews and preliminary discussions with such groups. However, no definitive agreements have been concluded as at the date of this Annual Information Form. The Company's strategy is to secure a large Chinese mining group as a business partner to develop the Fuwan Silver Project and the adjoining Changkeng Property.

The Company continues to focus on the EIA report and the permitting process in order to apply for a mining license for the Fuwan Silver Project and the Changkeng Property.

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

The Company engaged 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 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.

The 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 EPA as soon as they begin accepting new EIA reports. The delay in approval of the EIA report for the Fuwan Silver Project was due to the negative impact caused by the collapse of a tailings dam of an operating mine in Guangdong province in 2010. The preliminary mine design was completed in 2013 by 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 in September 2015 by Changsha Non-Ferrous Mine Design Institute and approved by an expert panel. This feasibility study may contain information that is not in compliance with NI 43-101, and is for the Company's internal use for the planning of the future development of the Fuwan Silver Project only.
- 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 in January 2011.
- 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 the China Geology Association in September 2010.
- The preliminary Safety Assessment Draft Report was completed in February 2011 and submitted to the Safety Bureau of Guangdong Province for approval.

Investment in Gold Road Resources Limited.

During the year ended December 31, 2015, the Company disposed its investment of 47,719,423 common shares of Gold Road Resources Limited for net proceeds of $18,682,204, which resulted in a gain of $4,792,888.

3.2 Financings

After the completion of the 2011 Offering (as defined below), the Company did not conduct any financing activities in 2013, 2014 and 2015.

On March 3, 2011, the Company completed an underwritten public offering of 7,600,000 common shares at $5.95 per share for total gross proceeds of $45,220,000 (the "2011 Offering"). The Offering was qualified by a short form prospectus dated February 22, 2011, filed by the Company with the securities regulatory authorities in each of the provinces of Canada other than Québec. In consideration for their services, the underwriters received a cash commission equal to 5.5% of the gross proceeds of the 2011 Offering and an aggregate of 418,000 share purchase warrants, each exercisable into one common share of the Company at a price of $5.95 for a period of 18 months following the closing of the 2011 Offering.

ITEM 4. DESCRIPTION OF THE BUSINESS

4.1 General

The Company's principal properties are the Fuwan Project and the Changkeng Property located in Guangdong Province, China. The Company intends to combine and develop the Changkeng Property and the Fuwan Project as one project with a view to commencing commercial mining operations. The Company also intends to continue to identify new silver projects outside China for possible acquisition. As at the end of its most recently completed financial year, the Company shared offices in Vancouver and Beijing with Minco Gold, including 19 employees and consultants, of which 7 were located at its Vancouver officer and 13 were located in Beijing. Foshan Minco employs an additional 18 employees in China.

4.2 Chinese Mining Regulations

Government Regulations of Mineral Resources and Ownership

Exploration for, and exploitation of, mineral resources in China are governed by the *Mineral Resources Law of the PRC* of 1986, amended effective January 1, 1997, and the *Implementation Rules for the Mineral Resources Law of the PRC*, effective March 26, 1994. In order to further implement these laws, on February 12, 1998, the State Council issued three sets of regulations: (i) *Regulation for Registering to Explore Mineral Resources Using the Block System;* (ii) *Regulation for Registering to Mine Mineral Resources;* and (iii) *Regulation for Transferring Exploration and Mining Rights* (together with the mineral resources law and implementation rules, the "Mineral Resources Law"). Under the Mineral Resources Law, MOLAR is charged with supervision nationwide of mineral resources prospecting and development.

The new law provides for equal legal status for domestic enterprises and enterprises with foreign investment, security and transferability of mineral titles as well as the exclusivity of mining rights. The right to explore and exploit minerals is granted by way of exploration and mining rights. The holder of an exploration right has the privileged priority to obtain the mining right to the mineral resources in the exploration area, provided the holder meets the conditions and requirements specified in the Mineral Resources Law.

Foreign Investment

Direct foreign investment in China usually takes the form of equity joint ventures ("EJVs"), cooperative joint ventures ("CJVs") and wholly foreign-owned enterprises ("WFOEs"). These investment vehicles are collectively referred to as foreign investment enterprises ("FIEs"). An EJV is a Chinese legal person and consists of at least one foreign party and at least one Chinese party. The EJV generally takes the form of a limited liability company. It is required to have registered capital to which each party to the EJV subscribes. Each party to the EJV is liable to the EJV up to the amount of the registered capital subscribed by it.

Mineral Resources Permits

The *Provisions in Guiding Foreign Investment and the Industrial Catalogue in Guiding Foreign Investment*, which was updated on April 1, 2002, January 1, 2005, October 31, 2007, and December 2011 (collectively, the "**Investment Guiding Regulations**"), govern foreign investment in China and categorize industries into four types where foreign investment is (i) encouraged, (ii) permitted, (iii) restricted, or (iv) prohibited.

In the mining industry, "encouraged" projects include, among others, the exploration and mining of coal (and its derived resources), iron, manganese, copper and zinc minerals. "Restricted" projects include the exploration and mining of the minerals of tin, antimony and other noble metals including gold and silver, etc. "Prohibited" projects include the exploration and mining of radioactive minerals and rare earth. Foreign investment is "permitted" if the exploration and mining of the minerals is not included in the other three categories. Subject to the Investment Guiding Regulations, foreign investment in the exploration and mining of minerals is generally encouraged, in particular in relation to minerals in the western region of China.

Until January 2000, the production, purchasing, distributing, manufacturing, using, recycling, import and export of silver was strictly regulated by the *Regulations of the People's Republic of China on the Control of Gold and Silver*. Since then, China's silver market has been fully opened and silver is now treated as a commodity not subject to any special control or restrictive regulation by the state. However, foreign investment in the exploration and mining of silver remains restricted. China has adopted, under the Mineral Resources Law, a licensing system for the exploration and exploitation of mineral resources. MOLAR and its authorized provincial or local departments are responsible for approving applications for exploration permits and mining permits. The approval of MOLAR is also required to transfer those rights.

Applicants must meet certain conditions for qualification set by the state. Pursuant to the Mineral Resources Law, the applicant for a mining right must present stated documents, including a plan for development and use of the mineral resources and an evaluation report of the environmental impact thereof. The Mineral Resources Law allows individuals to excavate sporadic resources, sand, rocks and clay for use as materials for construction and a small quantity of mineral resources for sustenance. However, individuals are prohibited from mining mineral resources that are more appropriate to be mined in scale by an enterprise, the specified minerals that are subject to protective

mining by the state and certain other designated mineral resources, as may be determined by MOLAR. Once granted, all exploration and mining rights are protected by the state from encroachment or disruption under the Mineral Resources Law. It is a criminal offence to steal, seize or damage exploration facilities, or disrupt the working order of exploration areas.

Exploration Rights

Exploration permits are registered and issued to "licensees". The period of validity of an exploration permit can have a maximum term of three years. The exploration permit is described by a "basic block". An exploration permit for metallic and non-metallic minerals has a maximum of 40 basic blocks.

When a mineral that is capable of economic development is discovered, the licensee may apply for the right to develop such mineral. The period of validity of an exploration permit can be extended by application and each extension can be no more than two years in duration. During the term of the exploration permit, the licensee has the privileged priority to obtain the mining right to the mineral resources in the exploration area covered by the exploration permit, provided it meet the conditions of qualification for mining rights holders. Further, the licensee has the rights, among others, to: (i) explore without interference within the area under permit during the permit term; (ii) construct exploration facilities; and (iii) pass through other exploration areas and adjacent ground to access the permitted area. After the licensee acquires the exploration permit, the licensee is obliged to, among other things: (i) start exploration within the prescribed term; (ii) explore according to a prescribed exploration work scheme; (iii) comply with state laws and regulations regarding labour safety, water and soil conservation, land reclamation and environmental protection; (iv) make detailed reports to local and other licensing authorities; (v) close and occlude the wells arising from prospect work; (vi) take other measures to protect against safety concerns after the prospect work is completed; and (vii) complete minimum exploration expenditures, as required by the *Regulations for Registering to Explore Resources Using the Block*.

Transferring Exploration and Mining Rights

A mining enterprise may transfer its exploration or mining rights to others, subject to the approval of MOLAR or its authorized departments at the provincial or local level, as the case may be. An exploration permit may only be transferred if the transferor: (i) has held the exploration permit for two years as of the issue date, or discovered minerals in the exploration block, which are able to be explored or mined further; (ii) holds a valid and subsisting exploration permit; (iii) has completed the stipulated minimum exploration expenditure; (iv) has paid the user fees and the price for prospect rights pursuant to the relevant regulations; and (v) has obtained the necessary approval for such transfer from the authorized department in charge of the minerals. Mining rights may only be transferred if the transferor needs to change the ownership of such mining rights because it is: (i) engaging in a merger or split; (ii) entering into equity or cooperative joint ventures with others; (iii) selling its enterprise assets; or (iv) engaging in a similar transaction that will lead to the alteration of the property ownership of the enterprise. A mining permit may only be transferred if the transferor: (i) has commenced production for no less than one year; (ii) holds a valid and subsisting mining permit without title dispute, and (iii) has paid the user fees, the price for the mining right, resource tax and mineral resource compensation pursuant to laws.

Environmental Laws

In the past ten years, laws and policies for environmental protection in China have moved towards stricter compliance and stronger enforcement. The basic laws in China governing environmental protection in the mineral industry sector of the economy are the *Environmental Protection Law*, the *Environment Impact Assessment Law* and the *Mineral Resources Law*. The State EPA and its provincial counterparts are responsible for the supervision of implementation and enforcement of environment protection laws and regulations. Provincial governments also have the power to issue implementing rules and policies in relation to environmental protection in their respective jurisdictions. Applicants for mining rights must submit environmental impact assessments and those projects that fail to meet environmental protection standards will not be granted licenses.

In addition, after exploration, the licensee must perform water and soil maintenance and take steps towards environmental protection. After the mining rights have expired or the concessionaire stops mining during the permit period and the mineral resources have not been fully developed, the concessionaire shall perform water and soil maintenance, land recovery and environmental protection in compliance with the original development scheme, or

must pay the costs of land recovery and environmental protection. After closing, the mining enterprises shall perform water and soil maintenance, land recovery and environmental protection in compliance with mine closure approval reports, or must pay the costs of land recovery and environmental protection.

4.3 Risk Factors

An investment in our securities should be considered highly speculative and involves a high degree of financial risk due to the nature of our activities and the current status of our operations. A prospective investor should carefully consider the risks summarized below and all other information contained in this Annual Information Form before making an investment decision relating to our shares. Some statements in this Annual Information Form (including some of the following risk factors) contain forward-looking information. Please refer to the discussion of forward-looking information in the introduction to this Annual Information Form. Any one or more of these risks could have a material adverse effect on the value of any investment in our Company and the business, financial position or operating results of our Company and should be taken into account in assessing our activities. The risks noted below do not necessarily comprise all those faced by us.

Risks Relating to the Company

Permitting Requirements

The ability of the Company to carry out successful mining activities will depend on a number of factors. One of the most critical factors will be the ability of the Company to obtain mining licenses and permits in China. The Company, through its subsidiaries in China, has applied for and obtained various permits for the Fuwan Project and the Changkeng Property. Additional permits and licenses will also be required in order to put the Fuwan Silver deposit and Changkeng Property into commercial production. These include permits and licenses pertaining to environmental matters, land use rights, water and forestry matters and, ultimately, a mining license. While applications for the additional required permits and licenses have been, and will be, made to the relevant Chinese government authorities, there is no assurance that such permits or licenses will be issued in a timely manner, or at all.

Many of the required licenses and permits are, or will be, subject to conditions imposed by the People's Republic of China government as well as mining legislation of the People's Republic of China. No assurances can be given that all necessary permits, licenses or tenures will be granted to the Company through its Chinese subsidiaries, or, if they are granted, that the Company, through its Chinese subsidiaries, will be in a position to comply with all conditions and legal requirements that are imposed. For example, the business licenses of Minco China and Foshan Minco restrict the activities that may be carried on by these companies and, in particular, Foshan Minco is not permitted under its business license to conduct exploration activities. To date, exploration activities conducted at the Fuwan Project have been conducted by Minco China. As the Fuwan Project is currently at development stage, Foshan Minco, as the operating company has to obtain mining licenses and other permits required for commercial production on the project. There is no certainty that such approvals will be obtained in a timely manner, or at all. Furthermore, each of Minco China and Foshan Minco is subject to an annual review process pursuant to which it must pass annual inspections of the Administration for Industry and Commerce in the People's Republic of China. As a result, if Foshan Minco does not pass its annual review it will not be authorized to carry on business in the People's Republic of China, which may adversely affect the Company's interests in the Fuwan Project. The Company believes that it and Minco China and/or Foshan Minco are operating in material compliance with all applicable rules and regulations.

Management of the Company also believes that reasonable measures have been taken to ensure that the permits for the Fuwan Project have been duly approved by and registered with all relevant authorities in the People's Republic of China in accordance with the laws and regulations in effect and that Minco China and Foshan Minco are the registered owners of such permits. However, no legal opinion has been obtained to date concerning the land, assets, permits and licenses relating to the properties over which the Company, through Minco China and Foshan Minco, has or may acquire an interest.

The Luoke-Jilinggang Permit held by Foshan Minco, one of the three permits comprising the Fuwan Exploration Permits (the Guyegang Permit and the Hecun Permit, being the other two permits comprising the Fuwan Exploration Permits), was renewed until July 20, 2015. The Guyegan Permit, expires on March 17, 2017, and the Hecun Permit expired on April 7, 2014. The renewed application of Hecun Permit is currently being processed by MOLAR. The

Company decided not to renew a fourth permit, the Guanhuatang property, which expired on April 7, 2014 due to its proximity to new town developments and water reservoirs.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Capital Costs, Operating Costs and Production and Economic Returns

The capital costs to take the Company's Fuwan Project into production may be significantly higher than estimated in the Fuwan Technical Report. The pre-production capital costs set out in the Fuwan Technical Report were estimated at US$73.1 million, and the pricing and quantity data used therein were considered to be reasonable as at the date of the estimates. Changes in metal prices, exchanges rates and other factors since the date of the Fuwan Technical Report may result in greater costs than those estimated, which may have an adverse impact on the Company's ability to bring the Fuwan Project into production and for the timing thereof.

The Fuwan Project does not have an operating history upon which the Company can base estimates of future operating costs. Decisions about the development of the Fuwan Project and other mineral properties will ultimately be based upon feasibility studies. Feasibility studies derive estimates of cash operating costs based upon, among other things:

- anticipated tonnage, grades and metallurgical characteristics of the ore to be mined and processed;
- anticipated recovery rates of silver and other metals from the ore;
- cash operating costs of comparable facilities and equipment; and
- anticipated climatic conditions.

Cash operating costs, production and economic returns, and other estimates contained in studies or estimates prepared by or for the Company, including the Fuwan Technical Report or other feasibility studies, if prepared, may differ significantly from those anticipated, and there can be no assurance that the Company's actual operating costs will not be higher than currently anticipated.

Title to Properties

There can be no assurance that any governmental authority in the People's Republic of China could not significantly alter the conditions of or revoke the applicable exploration or mining authorizations held by the Company through Minco China, Mingzhong, and Foshan Minco or that the Company's interest in such properties, through Minco China, Mingzhong, and Foshan Minco or otherwise, will not be challenged or impugned by third parties or governmental authorities.

In addition, there can be no assurance that the properties or other assets in which the Company has an interest are not subject to prior unregistered agreements, transfers, pledges, mortgages or claims and title may be affected by undetected defects as it is difficult to verify that no agreements, transfers, claims, mortgages, pledges or other encumbrances exist given the state of the legal and administrative systems in the People's Republic of China.

China Political and Economic Considerations

The business operations of the Company will be located in, and the revenues of the Company derived from activities in, the People's Republic of China. Likewise, the Company's operations in the People's Republic of China are currently conducted through and with the assistance of Foshan Minco, a Chinese company. Accordingly, the business, financial condition and results of operations of the Company could be significantly and adversely affected by economic, political and social changes in the People's Republic of China. The economy of the People's Republic of China has traditionally been a planned economy, subject to five-year and annual plans adopted by the state, which set national economic development goals. Since 1978, the People's Republic of China has been moving the economy from a planned economy to a more open, market-oriented system. The economic development of the People's Republic of China is following a model of market economy under socialism. Under this direction, it is expected that the People's Republic of China will continue to strengthen its economic and trading relationships with foreign

countries and that business development in the People's Republic of China will follow market forces and the rules of market economics.

However, the Chinese government continues to play a significant role in regulating industry by imposing industrial policies. In addition, there is no guarantee that a major turnover of senior political decision makers will not occur, or that the existing economic policy of the People's Republic of China will not be changed. A change in policies by the People's Republic of China could adversely affect the Company's interests in China by changing applicable laws, regulations or the interpretation thereof, imposing confiscatory taxation, restrictions on currency conversion, imports and sources of supplies, or permitting the expropriation of private enterprises.

Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed on them for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of companies engaged in mineral resource exploration and development, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

The Company's various property interests and potential property rights in the People's Republic of China involve various Chinese state-sector entities, including GGB and other governmental entities, whose actions and priorities may be dictated by government policies, instead of purely commercial considerations. Additionally, companies with a foreign ownership component operating in the People's Republic of China may be required to work within a framework which is different to that imposed on domestic Chinese companies. The Chinese government is opening up opportunities for foreign investment in mining projects and this process is expected to continue. However, if the Chinese government should reverse this trend and impose greater restrictions on foreign companies, the Company's business and future earnings could be negatively affected.

People's Republic of China Legal System and Enforcement

Most of the material agreements to which the Company or its affiliates are party or will be party in the future with respect to mining assets in the People's Republic of China are expected to be governed by Chinese law and some may be with Chinese governmental entities. The People's Republic of China legal system embodies uncertainties that could limit the legal protection available to the Company and its shareholders. The outcome of any litigation may be more uncertain than usual because: (i) the experience of the People's Republic of China judiciary is relatively limited; and (ii) the interpretation of People's Republic of China laws may be subject to policy changes reflecting domestic political changes. The laws that do exist are relatively recent and their interpretation and enforcement involve uncertainties, which could limit the available legal protections. Even where adequate law exists in the People's Republic of China, it may be impossible to obtain swift and equitable enforcement of such law or to obtain enforcement of judgments by a court of another jurisdiction. The inability to enforce or obtain a remedy under such agreements could have a material adverse impact on the Company.

Many tax rules are not published in the People's Republic of China, and those that are published can be ambiguous and contradictory, leaving a considerable amount of discretion to local tax authorities. The People's Republic of China currently offers tax and other preferential incentives to encourage foreign investment. However, the tax regime of the People's Republic of China is undergoing review and there is no assurance that such tax and other incentives will continue to be available.

There is also no guarantee that the pursuit of economic reforms by the state will be consistent or effective and, as a result, changes in the rate or method of taxation, reduction in tariff protection and other import restrictions, and changes in state policies affecting the mining industry may have a negative effect on the Company's operating results and financial condition.

Government Regulation of Mineral Resources and Ownership

Ownership of mineral rights in China remains with the State, at the national, regional and local levels, is extensively involved in the regulation of exploration and mining activities. Transfers and issuances of exploration and mining rights are also subject to governmental approval. Failure or delays in obtaining necessary approvals could have a materially adverse effect on the financial condition and results of operations of the Company. Nearly all mining

projects in the People's Republic of China require government approval. There can be no certainty that any such approvals will be granted (directly or indirectly) to Foshan Minco in a timely manner, or at all.

Exploration and Development is a Speculative Business

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, the availability of mining equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Legal Title to Key Assets is held in trust for Minco Silver

Up to July 31, 2015, certain of the permits relating to the Fuwan Project and the Company's equity interest in Foshan Minco were registered in the name of Minco China, a company related to Minco Silver only by shared management, and certain other permits were registered in the name of Foshan Minco. Although Minco Silver, indirectly through Minco HK, had a 90% equity interest in Foshan Minco, this interest has not yet been registered in China. Minco HK held a beneficial interest in Minco China's 90% equity interest in Foshan Minco, which included an interest in the permits and other assets relating to the Fuwan Project. The Company relied on a trust relationship (the "Trust Agreement"), which relationship and the concept of the separation of the legal and beneficial ownership are not recognized under the laws of the People's Republic of China. The agreements among Minco Gold and its affiliates and Minco Silver and its affiliates relating to the ownership of the Fuwan Project are governed by Canadian law, which does recognize the concept of a trust relationship, and each of Minco Gold and Minco Silver are Canadian companies.

On July 31, 2015, the Company, through its wholly owned subsidiary, Minco HK, acquired 100% of Minco China through the acquisition of all the common shares of Minco China's parent company, Minco Resources. As a result, the Company has acquired the legal ownership of Minco China and all of its Chinese subsidiaries, in particular Foshan Minco. The Trust Agreement is no longer required to enable the Company to own its interest in the Fuwan Project and has been cancelled accordingly.

Future Financing

The funds raised by the 2011 Offering will not be sufficient to meet all of the Company's ongoing financial requirements relating to the exploration, development or operation of the Fuwan Project and the Changkeng Property.

The Company currently has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Repatriation of Capital Located in China

The Company may face delays repatriating funds held in China if at any time the Company needs additional resources to enable it to undertake projects elsewhere in the world. There are certain restrictions on the repatriation of funds held in China, as more particularly described below.

Under Chinese law, repatriation of funds falls under several categories: (1) profit repatriation; (2) capital repatriation; (3) liquidation; and (4) overseas loan repayment. The major requirements for each of the repatriation methods are as follows:

1. Profit Repatriation – A WFOE may repatriate its after-tax profits out of China with few restrictions. Minco China is classified as a WFOE. Profit repatriation can only be undertaken once a year.

2. Capital Repatriation – Under Chinese law, capital repatriation can only be made under the following circumstances:

   (a) Share/Equity Interest Sale – In the event that a foreign investor, as an assignor, intends to sell its equity interest in the WFOE to any other foreign or domestic entities/individuals, as an assignee, the approval from the original approving authority, such as the local DOC is required. Such governmental approval for an equity sale is not difficult to obtain in normal circumstances and it would normally take one to two months after all of the required documents have been submitted, subject to local practice.

   Once the governmental approval is obtained, the assignee is obliged to apply to the local SAFE, for the approval of mailing the payment of the transfer price to the assignor, which can normally be done within 20 business days after all of the required documents have been submitted.

   (b) Capital Decrease – Generally, a WFOE must not decrease its registered capital during its operating term; however, if its registered capital needs to be decreased due to the change of the total investment amount or operation scale or other reasons, such decrease could be done after approval from the original approval authority has been obtained.

   The procedures for a capital decrease are as follows:

   (i) The WFOE would apply to the local DOC for a preliminary approval of a capital decrease;

   (ii) After receiving a preliminary reply from the DOC, the WFOE would notify all of its creditors in writing of such capital decrease and the WFOE would publically disclose such capital decrease in provincial newspapers at least three times;

   (iii) The creditors may require the WFOE to pay off all its debts or provide corresponding guarantees to pay any of its outstanding debts;

   (iv) After the WFOE has made at least three public notices in provincial newspapers, it would apply to the local DOC for formal approval of the capital decrease;

   (v) Once the DOC has approved the decrease of the registered capital, the WFOE would conduct the registration change at the local AIC; and

   A. Upon completion of the above procedures, if the then contributed capital of the WFOE exceeds the registered capital after the decrease, the WFOE would apply for the capital repatriation approval of the decreased capital to its investor(s) at the local SAFE. Once approval is received, the bank can remit the exceeded capital.

The above process takes around six months to complete.

3. Liquidation – The investor may also voluntarily liquidate the WFOE in accordance with relevant Chinese law and the articles of association of the WFOE. The procedures for the liquidation of a foreign investment are as follows:

   (a) A resolution to liquidate the WFOE would be adopted;
   (b) The WFOE would apply to the local DOC for approval of the liquidation;
   (c) The WFOE would set up a liquidation committee to conduct the liquidation;
   (d) The notices to creditors and the public announcements about the liquidation would be made;
   (e) The liquidation committee would handle the sale of the assets of the WFOE and the distribution of the liquidation proceeds and submit a distribution report to the local DOC; and
   (f) The deregistration of the WFOE would be conducted with the local AIC, local tax, customs, foreign exchange and other authorities.

   Upon completion of the above procedures, the investor would apply to the local SAFE for repatriation of the liquidated proceeds. Once approval is received, the bank can remit the liquidation proceeds.

   The above process takes approximately six months to complete.

Industry Specific Risks

The exploration, development, and production of minerals are capital-intensive businesses, subject to the normal risks and capital expenditure requirements associated with mining operations, which even a combination of experience, knowledge and careful evaluation may not be able to overcome.

Limited Experience with Development-Stage Mining Operations

The Company has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that the Company will have available to it the necessary expertise if the Company places its resource properties into production.

Factors Beyond Company's Control

Discovery, location and development of mineral deposits depend upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. The exploration and development of mineral properties and the marketability of any minerals contained in such properties will also be affected by numerous factors beyond the control of the Company. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation and refining facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

Potential Conflicts of Interest

Certain members of the Company's board and officers of the Company also serve as officers or directors of other companies involved in natural resource exploration and development. Consequently, there exists the possibility that those directors and officers may be in a position of conflict. In particular, Ken Z. Cai is a director of and serves in management in each of the Company, Minco Gold and Minco Base Metals Corp.

In addition, Jennifer Trevitt serves as Corporate Secretary and Director of Corporate Affairs with the Company, Minco Gold and Minco Base Metals Corp. Any decision made by those directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors and officers will declare, and refrain from voting on, any matter in which such directors or officers may have a conflict of interest. Nevertheless, there remains the possibility that the best

interests of the Company will not be served because its directors and officers have other commitments. Matters between the Company and Minco Gold which put any of the directors or officers of the Company in a position of conflict are approved by the audit committee of the board of directors which is comprised of solely independent directors.

In addition to the potential conflicts described above, some of the directors and officers of the Company are also directors or officers of other reporting and non-reporting issuers who are engaged in other industry sectors. Accordingly, conflicts of interest may arise which could influence the decisions or actions of directors or officers acting on behalf of the Company.

Uninsured Risks

The Company's mining activities are subject to the risks normally inherent in mineral exploration, including, but not limited to, environmental hazards, industrial accidents, flooding, periodic or seasonal interruptions due to climate and hazardous weather conditions, and unusual or unexpected formations. Such risks could result in damage to or destruction of mineral properties or production facilities, personal injury, environmental damage, delay in mining and possible legal liability. The Company may become subject to liability for pollution and other hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. The payment for such liabilities would reduce the funds available for exploration and mining activities and may have a material impact on the Company's financial position.

Currency Exchange Rates

The Company maintains its accounts in US dollar, Canadian dollar and RMB denominations. The government of the People's Republic of China maintained the exchange rate between the RMB and the US dollar as a constant until July 2005 and thus exchange rates between the Canadian dollar and the RMB fluctuated in tandem with the changing exchange rates between the US and Canadian dollars. Since July 2005, the value of the RMB has been tied to a basket of currencies of China's largest trading partners. Given that most of Minco Silver's expenditures are currently and are anticipated to be incurred in U.S. dollars and RMB, Minco Silver is subject to foreign currency fluctuations which may materially affect its financial position and operating results. The Company does not currently have a formal hedging program to mitigate foreign currency exchange risks.

Competition

The precious metal minerals exploration industry and mining business are intensely competitive. The Company competes with numerous other companies and individuals in the search for and the acquisition of attractive precious metal mining properties. Many of these competitors have substantially greater technical and financial resources than the Company. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

Uncertainty of Estimates

Resource and reserve estimates of minerals are inherently imprecise and depend to some extent on statistical inferences drawn from limited drilling, which may prove unreliable. Although estimated recoveries are based upon test results, actual recovery may vary with different rock types or formations in a way which could adversely affect operations.

Reliance on Management and Directors

The success of the Company is currently largely dependent on the performance of its officers. The loss of the services of these persons will have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its officers or other qualified personnel required to operate its business.

Failure to do so could have a material adverse effect on the Company and its prospects. The Company has purchased a "key-man" insurance policy for its President and CEO but has not purchased such a policy for its remaining

directors or officers. The loss of any key officer of the Company could have an adverse impact on the Company, its business and its financial position.

Fluctuating Metal Prices

Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. The effect of these factors cannot be predicted.

Access to RMB

From time to time, the Company, through Minco China, supplies RMB funds to Foshan Minco. The exchange of US dollars into RMB requires approval from SAFE. In order to obtain SAFE approval to effect the exchange of US dollars into RMB, Minco China has historically engaged a third party consultant to enter into purchase and sales transactions to exchange US dollars into RMB. These transactions are entered into in the normal course of business and are designed primarily to provide the Company with access to RMB more readily than through currency exchange transactions which have recently become increasingly restrictive in China. There is no assurance that this method of converting US dollars to RMB will remain available to the Company.

The Mining Industry Is Highly Speculative

The Company is engaged in the exploration for minerals which involves a high degree of geological, technical and economic uncertainty because of the inability to predict future mineral prices, as well as the difficulty of determining the extent of a mineral deposit and the feasibility of extracting it without the expenditure of considerable money.

Environmental Considerations

Although the People's Republic of China has enacted environmental protection legislation to regulate the mining industry, due to the very short history of this legislation, national and local environmental protection standards are still in the process of being formulated and implemented. The legislation provides for penalties and other liabilities for the violation of such standards and establishes, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are being or have been conducted.

To the knowledge of the Company, there are no outstanding notices, orders or directives from central or local environmental protection agencies or local government authorities alleging any breach of national or local environmental quality standards by Foshan Minco, Minco China, Guangdong Mingzhong Mining Co. Ltd., GGB or any other party in respect of the Fuwan Project and Changkeng Property. Although the Company intends to fully comply with all environmental regulations, there is a risk that permission to conduct exploration and development activities could be withdrawn temporarily or permanently where there is evidence of serious breaches of such standards.

Litigation

We are subject to litigation risks. All industries, including the mining industry, are subject to legal claims, with and without merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which we are or may become subject could have a material effect on our financial position, results of operations or our mining and project development operations.

Enforceability of Judgments

Our principal assets, the Fuwan Project and the Changkeng Property, are located outside of Canada. It may be difficult or impossible to enforce judgments obtained in Canadian courts against our assets located outside of Canada.

ITEM 5. MINERAL PROPERTIES

5.1 The Fuwan Project

5.1.1 Introduction

As of December 31, 2015, the Company, through Foshan Minco, had three reconnaissance survey exploration permits on the Fuwan Silver Project (Luoke-Jilinggang Permit, Hecun Permit and the Guyegang-Sanyatang Property), having a total area of 125.74 sq. km and covering a major part of the northeast-trending Fuwan silver belt. The Fuwan silver belt hosts the known gold and silver occurrences in the Sanzhou basin, including the Fuwan Silver Project and the Changkeng Gold Property in which the Company now owns a 51% interest.

The main exploration permit for the Fuwan main deposit area is the Luoke-Jilinggang (57.16 sq. km.). The Company renewed the exploration permit of Luoke- Jilinggang in 2015 for a two-year period ending on July 20, 2017.

The Guyegang-Sanyatang permit expires on March 17, 2017.

The Company has submitted a renewal application for the Hecun permit that was originally set to expire on April 7, 2014. The renewal application is currently being processed by the MOLAR in China.

The Company decided not to renew a fourth permit, the Guanhuatang property, which expired on April 7, 2014, due to its proximity to new town developments and water reservoirs. The Guanhuatang Permit was not described in the resource estimate of the Fuwan Technical Report.

Up to July 31, 2015, certain of the permits relating to the Fuwan Project and the Company's equity interest in Foshan Minco were registered in the name of Minco China, a company related to Minco Silver only by shared management, and certain other permits were registered in the name of Foshan Minco. Although Minco Silver, indirectly through Minco HK, had a 90% equity interest in Foshan Minco, this interest was not registered in China. Minco HK held a beneficial interest in Minco China's 90% equity interest in Foshan Minco, which included an interest in the permits and other assets relating to the Fuwan Project. The Company relied on the Trust Agreement, which relationship and the concept of the separation of the legal and beneficial ownership are not recognized under the laws of the People's Republic of China. The agreements among Minco Gold and its affiliates and Minco Silver and its affiliates relating to the ownership of the Fuwan Project were governed by Canadian law, which does recognize the concept of a trust relationship, and each of Minco Gold and Minco Silver are Canadian companies.

On July 31, 2015, the Company, through its wholly owned subsidiary, Minco HK, acquired 100% of Minco China through the acquisition of all the common shares of Minco China’s parent company, Minco Resources. As a result, the Company acquired legal ownership of Minco China and all of its Chinese subsidiaries, in particular, Foshan Minco. The Trust Agreement is no longer required to enable the Company to own its interest in the Fuwan Project and has been cancelled accordingly.

Exploration Programs

Minco Silver conducted a comprehensive exploration program on the Fuwan Project during the period from 2005 to 2008. The exploration program includes a six phases of drilling totaling 260 drill holes comprising 69,074 meters of diamond drilling over both the Fuwan Silver Deposit and the surrounding regional area, detailed hydrological studies for the Fuwan deposit area, metallurgical testing, and geotechnical studies. An exploration report was prepared on the Fuwan deposit at the end of the exploration program and was approved by MOLAR.

The assay results from the Company's drilling programs can be reviewed on our website at www.mincosilver.ca or at www.sedar.com.

Resource Estimates

January 2008 Technical Report

An NI 43-101 technical report was prepared by P&E for the Fuwan Project. The technical report dated January 25, 2008 prepared by P&E can be reviewed on the Company's website at www.mincosilver.ca or at www.sedar.com.

Resource Update

Following the completion of the phase 6 drilling program, the resource estimates on the Fuwan Project was updated by P&E. The Company released the updated resource estimates in a news release disseminated on May 12, 2008, entitled "Minco Silver Announces a 31% Increase in the Indicated Resource on its Fuwan Silver Project".

Diamond drill data from a total of 422 holes, with an aggregate length of 96,000m, was used for the resource calculation in the updated resource estimate. These programs were conducted on a 60m x 60m diagonal spacing within the existing 80m x 80m rectangular drill grid spacing. The Fuwan Silver Deposit remains open along strike to the southwest and up and down its relatively flat dip to the northwest and southeast.

The resource estimate for the Fuwan Silver Deposit includes Au, Pb and Zn credits and has an indicated resource of approximately 16.0 million tonnes at 182g/t Ag, 0.20g/t Au, 0.20% Pb and 0.57% Zn and an inferred resource of 11.2 million tonnes at 174g/t Ag, 0.26g/t Au, 0.27% Pb and 0.73% Zn. Details of the resources for the silver mineralization of the Changkeng and Fuwan properties are shown in the following table.

Table 1.1 Resource Estimate[1] @ 40g/t Ag Cut-Off Grade.

Resource Area & Classification	Tonnes	Ag (g/t)	Ag (oz)	Au (g/t)	Pb (%)	Zn (%)
Fuwan Permits Indicated	13,948,000	188	84,268,000	0.17	0.20	0.56
Changkeng Permit Indicated*	2,027,000	142	9,235,000	0.40	0.20	0.61
Total Indicated	15,975,000	182	93,503,000	0.20	0.20	0.57
Fuwan Permits Inferred	10,241,000	171	56,147,000	0.26	0.26	0.72
Changkeng Permit Inferred **	1,049,000	212	7,136,000	0.29	0.37	0.86
Total Inferred[2]	11,290,000	174	63,283,000	0.26	0.27	0.73

Notes:

* The indicated resources reported on the Changkeng Permit represent 51% of the actual indicated resources which reflects the proportion of ownership by Minco Silver Corporation. Total Changkeng indicated silver resources are 4,054,000 tonnes and 18,470,000 ounces of silver.

** The inferred resources reported on the Changkeng permit represent 51% of the actual inferred resources which reflects the proportion of ownership by Minco Silver Corporation. Total Changkeng inferred silver resources are 2,098,000 tonnes and 14,272,000 ounces of silver.

1 Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

2 The quantity and grade of reported inferred resources in this estimation are conceptual in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

For the purposes of the resource update report, the resource was defined using the April 2008, 24 month trailing average metal prices of US$13.69/oz Ag, US$710/oz Au, US$1.01/lb Pb and US$1.48/lb Zn. Costs of $12.00/tonne for mining, $11.50/tonne for processing/tailings management and $5.50/tonne for G&A for a total of $29.00/tonne and a process recovery of 97% for Ag, along with Au, Pb & Zn credits of approximately $10.00/tonne were utilized to derive a cut-off grade of 40 g/t Ag.

The mineral resources in the press release were estimated using the Canadian Institute of Mining ("CIM"), Definitions Standards for Mineral Resources and Mineral Reserves (the "CIM Definitions Standards") prepared by the CIM Standing Committee on Reserve Definitions and adopted by the CIM Council on December 11, 2005.

Feasibility Study

The Fuwan Silver Deposit falls into the broad category of sediment-hosted epithermal deposits and is characterized by 8 zones of vein and veinlet mineralization within zones of silicification. Zones 7 and 8 are not included in the

reserve estimate. The predominant sulphide minerals are sphalerite and galena with lesser pyrite, as well as rare arsenopyrite, chalcopyrite, and bornite.

On September 1, 2009, the Feasibility Study was completed by Wardrop. The results of this study were released to the public through a press release on September 28, 2009. The Study defines an operation based on underground mining and milling of the ore producing a silver/lead concentrate and a zinc concentrate on site in the township of Fuwan, approximately 45km southwest of the provincial capital of Guangzhou, China.

Detailed technical information on the Fuwan Project, including project description and location, climate, local resources, infrastructure, physiography, history, geological setting, exploration, mineralization, drilling sampling and mineral resource estimates, can be found in the Fuwan Technical Report, the entirety of which is incorporated by reference herein.

Substantially all of the information set forth below respecting the Fuwan Silver Project has been summarized or extracted from the Fuwan Technical Report.

Fuwan Technical Reports

The principal consultants utilized by Minco Silver in the preparation of the Fuwan Technical Report are as follows:

- Wardrop – mining, processing, capital cost (mining) and financial analysis
- P&E – geology and resource estimation
- Environmental Resources Management – environmental
- NERIN/Wardrop – infrastructure, overall site water management, hydrogeology, tailings and waste rock disposal, and capital cost (excluding mining).

Geology & Resource Estimation

The Fuwan Silver Deposit is located at the northwest margin of a triangular Upper Paleozoic fault basin at the juncture of the northeast-trending Shizhou fault to the northwest, the east-west trending Dashi fault to the south, and the northwest trending Xijiang fault to the northeast. There are known precious and base metal occurrences and deposits that occur predominantly along the margins of the basin.

The basin contains Lower Carboniferous limestone and unconformable overlying Triassic siliciclastic rocks. A low-angle fault zone (from several to tens of metres in thickness) is developed along the contact between the Lower Carboniferous unit and the Upper Triassic unit, and is occupied by lenticular zones of brecciated limestone and silicified sandy conglomerate. The fault zone may have acted as both a conduit for mineralizing fluids and as a host for the silver mineralization in the area. Second order faults, parallel to the major fault and also containing silver mineralization, occur in the footwall limestone.

The Fuwan Silver Deposit falls into the broad category of sediment-hosted epithermal deposits and is characterized by vein and veinlet mineralization within zones of silicification. The predominant sulphide minerals are sphalerite and galena with lesser pyrite, as well as rare arsenopyrite, chalcopyrite, and bornite. The deposit is poor in gold (typically <0.2 ppm).

Diamond drill data from 231 out of a total of 422 holes were used for the resource calculation. Most holes were drilled at 80 m spaced sections and the central portion of the deposit was drilled at 40 m spaced sections that gave an effective 60 m x 60 m diagonal drill pattern.

Eight zones of silver mineralization have been identified:

- Zone 1, lying entirely within the fault plane, which contains a relatively large volume of silver mineralization particularly in the west part.
- Zone 2, partially within the brecciated and silicified fault zone, which contains the greatest volume of silver mineralization.
- Zone 3, which occurs in the footwall of the main fault zone.
- Zones 4, 5, and 6, which are situated entirely within the footwall along planar fractures in the limestone.
- Zone 7, which is located in the Luzhou area, along strike to the southwest of the main Fuwan silver deposit.
- Zone 8, which is located on the east side of the Xijiang River, along strike to the north east of the main Fuwan silver deposit.

Zones 7 and 8 are not included in the Fuwan resource estimate.

Mining

Reserve Estimate

The resource estimate provided by P&E classified the resources for the Fuwan Zones 1 to 4 as indicated and inferred. Only "indicated mineral resources", as defined in NI 43-101, were used to establish the probable mineral reserves. No reserves were categorized as proven.

Some of the wireframes for the resources provided geologically improbable shapes in the indicated resources in the May 2007 block model that would be difficult to mine. The mine design battery limit was to accept the resource estimate and interpretation at face value and prepare a mine design around it.

It will be essential for infill drilling to be undertaken during the basic engineering and detailed mine design phases for the production of detailed stope and development layouts for construction and mining. It is also Wardrop's opinion that there appeared to be no marker horizons to follow high grade zones within the limestone. It will be difficult if not impossible to follow economic mineralization visually during mining. Infill drilling will be essential to define the true ore body outlines ahead of development and stoping.

In order to obtain the mining permits in China, it is necessary to use an official Chinese resource estimate prepared according to Chinese codes. The Chinese resource may not be the same as the NI 43-101 resource used for this study.

Wardrop received the block model that was used for the P&E resource estimate then applied mining and economic parameters to the model in order to form the basis of the reserve estimate. Since the deposit is polymetallic, it was decided to estimate the net smelter return ("NSR") for each block in the model in order to design the stope outlines and evaluate economic viability.

The NSR value was calculated assuming the following three-year historical average metal prices from the London Metal Exchange ("LME") as at May 31, 2009:

- US$13.00/oz for silver;
- US$688.00/oz for gold;
- US$0.88/lb for lead; and
- US$1.28/lb for zinc.

Factors for each contributing metal were calculated and inputted into the block model to calculate the NSR for each block within the model. The metallurgical and smelting metal recoveries, smelter and refining charges, and metal prices were incorporated into the following NSR formula:

NSR = (0.31 x in-situ g/t Ag grade) x (6.07 x in-situ g/t Ag grade) x

(311.66 x in-situ % Pb grade) x (1,563.94 x in-situ % Zn grade)

NSR Cutoff Value

A cutoff value of US$37.13/t NSR was used for the reserve estimate and was selected based on estimated operating costs as shown in Table 1.2.

Table 1.2 - Operating Costs for the Reserve Estimate

Area	Unit Cost (US$/t)
Mine	18.41
Process	10.77
Tailings Management	1.30
Surface Services	0.79
General & Administrative	5.86
Total	**37.13**

Wardrop used a stope recovery factor of 95%, an average mining extraction rate of 97%, and an average 7% internal dilution, 8% external dilution, and 3% fill dilution to estimate the total amount of diluted probable mineral reserves. Ore reserve calculations conservatively assumed dilution to contain no metal. The probable mineral reserve estimate is 9,117,980 t at 189 g/t Ag, 0.146 g/t Au, 0.196% Pb, and 0.566% Zn. Table 1.3 lists the reserve estimate by zone. However, the potential quantity and grade is conceptual in nature, there has been insufficient exploration to define a mineral resource and it is uncertain if further exploration will result in the target being delineated as a mineral resource.

Table 1.3 - Probable Reserve Estimate Summary

Zone	Tonnes	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)
1	1,327,580	186	0.180	0.064	0.324
2	4,806,443	192	0.167	0.177	0.568
3	2,451,699	192	0.105	0.257	0.636
4	532,259	150	0.068	0.421	0.822
Probable Mineral Reserve	**9,117,980**	**189**	**0.146**	**0.196**	**0.566**

Geotechnical

In general, the ground conditions within the ore body are predicted to be good with few localized stability problems. However, at the unconformity, particularly difficult ground conditions are expected with a fault zone that will probably be exposed in immediate stope backs.

The recommended support for waste development is as follows:

- backs – 2.4 m long bolts on 1.2 m by 1.2 m pattern;
- walls – 2.4 m long bolts on 1.5 m by 1.5 m pattern;
- allowing 25% coverage with a welded wire mesh square measuring 100 mm by 100 mm with 4 mm diameter wire; and
- allowing 25% coverage with shotcrete 50 mm nominal thickness.

Areas that intersect the unconformity will require full bolt, mesh, and shotcrete support.

Stopes have been sized to avoid the use of cable bolting. Drift-and-fill stopes will be 4 m wide with the unconformity in back, and 6 m wide with no unconformity. Any stope back with the unconformity exposed will require full bolt, mesh, and shotcrete support.

Hydrogeology

Wardrop performed a hydrogeological review of the available data. This review incorporated the results of field investigations undertaken by the local consultant 757 Exploration Team on the Fuwan exploration area and the adjacent Changkeng exploration area in 2007 and 2008, as well as historic information from a variety of sources.

The scope of the recent hydrogeological investigations included the performance of 29 small scale pumping tests on a series of 13 geological exploration holes converted to groundwater monitoring and test wells. These tests were undertaken on multiple formations within each monitoring well, or at multiple pumping rates in order to allow for assessment of the hydrogeological characteristics of the various geological units. The results of these test indicated that the sandstone unit was in general a low conductivity unit, with limited potential for groundwater production. In some boreholes, high conductivities were noted, potentially due to interconnectivity with the underlying carbonate unit. The carbonate unit, which has been extensively affected by a shallow fault zone passing along the sandstone/ carbonate interface (referred to as the unconformity), demonstrates karst conditions (i.e. solution enlarged fracturing and void spaces). Pumping tests performed on this unit suggested a moderate rate of groundwater production.

Two large scale pumping tests were subsequently undertaken, one in the Fuwan exploration area and one in the Changkeng exploration area. These tests involved the long term pumping (4 to 7 days) of a reamed out exploration borehole at rates of 15 to 24 L/s, and the regular monitoring of water levels in a series of surrounding monitoring wells completed in both the carbonate unit and the overlying sandstone. Analysis of the resulting pumping test data showed the carbonate unit to have a relatively high conductivity (1.1. x 10-5 m/s) and good hydraulic connectivity over a large area (drawdown cone 9 m deep at the pumping well and extending at least 1.5 km in all directions). This pumping test data also suggests that the geological faults in the area do not have any significant influence on the drawdown cone so likely do not act as a source of groundwater recharge.

Although this testing did not identify any significant concern with respect to the faults, the scale of the pumping test response indicates that the karst formation is highly connected over a significant area with a transmissivity at the high end of the published range for carbonate systems.

Preliminary estimates for groundwater inflow into a simplified single stope running along the base of the mineral deposit (260 m below sea level) over its entire length (1100 m) were developed using a variety of standard formulas. These formulas applied to dewatering of a linear excavation, relative comparison to local recorded dewatering requirements, simplified water balance, and general inflow into a tunnel excavation. These preliminary estimates suggested that groundwater inflow could potentially be in the range of 4,550 to 27,011 m3/day. Due to the natural heterogeneity of the subsurface conditions, inflow rates within certain excavation areas may be higher or lower than this average rate, with initial rates also being higher than later stage flow rates. There remain some unknown areas and further work is required to better understand the underground hydrogeology.

In order to refine the potential groundwater inflow rates, the existing geological and hydrogeological information, along with surface water and meteorological data, as collected by various parties should be compiled into a detailed hydrogeological model of the area, and calibrated against the existing large scale pumping test data set. Supplementary pumping test in the area of the F3 Fault should also be considered in order to complete the data set.

Due to the potential for large volume groundwater inflows into the proposed mine excavations, predictive and mitigations measures such as probe hole advancement in all proposed excavation areas, the installation of groundwater collection and drainage galleries, and the installation of water tight doors or bulkheads at regular intervals will be required.

The potential for interconnection with the Xijiang River and proposed underground mine workings have been evaluated qualitatively from a geological point of view by the 757 Exploration Team. Their interpretation was that the fine river bottom sediments (clay and silt) and low conductivity T3 unit underlying the river area would minimize direct hydraulic connection between the river and the Fx1 + C1 water bearing unit. The primary potential source of connection was therefore the apparent Changkeng, F2 and F3 fault traces which appear to extend out under the river. The report indicated that the Xijiang River appears to be poorly connected hydraulically with the proposed underground mine envelope in the areas tested.

Mining Methods

Minco Silver will develop a mechanized mine at the Fuwan deposit. A 2 m minimum mining height was adopted for mechanized mining. The selection of a mining method is dependent upon ore body geometry, ground conditions, and ore grade.

Drift-and-fill mining, and a small amount of room-and-pillar mining, will be used for flat lying zones. As the ore body has reasonably good grades, a trade-off study was undertaken to assess at what grade it would be worth backfilling with cemented fill and carrying out a primary/secondary drift-and-fill type mining method allowing 100% extraction without leaving any ore pillars.

Ore zones with lower grades will be mined by the room-and-pillar method. This method is selective and zones of low grade can be left as pillars. A variation of this method is post pillar cut-and-fill: where the ore height is greater than 6 to 7 m, the panel is taken in two cuts. The first cut is taken and backfilled, then a second cut is taken over the top of the first cut working off the backfill.

Stope and pillar dimensions, ground support in development headings, and stopes will depend on ore body geometry and ground condition.

The cut-and-fill method will be used for ore zones dipping between 15° and 50°. In order to minimize waste development, Wardrop recommends using in-ore twin ramp development. Each panel will be about 100 m long and typically 60 m vertically. Twin ramps will be driven in ore from top and bottom access to meet in the middle of the stope. A minimum 3 m-wide pillar (or a 1:1 ore to pillar width) will be left between the ramps. The ramp below the pillar must always remain open for air passage and provide through-ventilation. After the ventilation airway is no longer needed, the pillar could be recovered; however, any estimate should only assume an effective 50% recovery of the pillar.

Backfill

All stopes will be backfilled after mining is completed. Free draining hydraulic backfill was selected as the most appropriate method due to the flat-lying and relatively large horizontal extent of the ore body, coupled with the distant location of the process plant and difficulties with access above the ore body. This backfilling method will allow up to 45 to 50% of the tailings to be disposed of as hydraulic backfill underground, reducing the required size of the surface tailings pond.

Backfill will be prepared from tailings produced in the plant and distributed to the underground stopes by a pipeline through the main access ramp. For primary stope filling in drift-and-fill, 5% cement will be added. Backfill for cut-and-fill, room-and pillar, and secondary stopes of drift-and-fill mining will not be cemented.

Mine Access

The mine will be accessed by a single decline developed at gradient of -15%. It will be used for access of personnel, equipment, materials, and services. It will also be utilized as an intake airway.

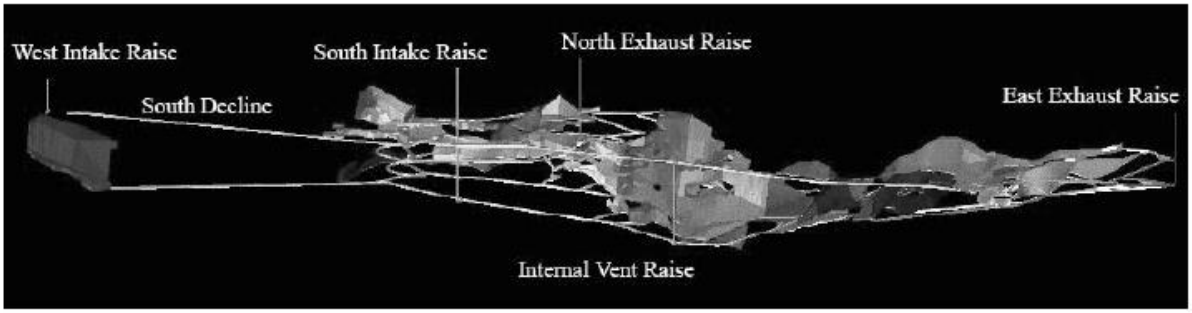
The location of the decline portal was selected on the south-west side of the deposit near the process plant. The size of the decline was selected at 4.5 m wide by 4.5 m high to accommodate the mining equipment and provide required clearances.

The four levels will be developed for haulage and for provision of fresh air supply to mining blocks. Ventilation access drifts will be excavated to connect the level development and ramps to the ventilation raises.

The 4.0 m diameter central south fresh air intake ventilation raise will have a man-way equipped with ladders and platforms to provide an auxiliary exit from the mine in case of emergency. Two 4.0 m diameter exhaust raises will be developed on the east and north side of the ore body and will be connected to the level development to provide flow-through ventilation. They will also be equipped with ladders.

Another 3.0 m diameter fresh air ventilation raise will be constructed in Year 6 of production on the west side of the deposit to provide intake air for mining block #201, and will be equipped with a man-way for emergency exit.

Figure 1.1 Access Development



Development headings will be driven with electro-hydraulic twin boom jumbos. Ventilation raise development will be done by raise boring crews.

The broken rock will be mucked from the face by a 7 t load-haul-dump (LHD) and hauled by 25 t trucks to the surface waste dump. The same equipment will be used for mucking broken ore from the production stopes and hauling to the mill for processing.

A 7 t capacity LHD with a 4.0 m3 bucket and a 25 t underground mine truck with a 13.0 m3 box were selected for ore and waste haulage.

The following present a summary forecast of ore and waste production.

Table 1.4 Production by Material Type

Year	Ore	Waste	Total
-2		83,515	83,515
-1		226,832	226,832
1	990,0000	83,486	1,073,486
2	990,0000	83,720	1,073,720
3	990,0000	63,183	1,053,183
4	990,0000	52,480	1,042,480
5	990,0000	57,452	1,047,452
6	990,0000	43,329	1,033,329
7	990,0000	11,932	1,001,932
8	990,0000	20,108	1,010,108
9	990,0000	19,887	1,009,887
10	207,981		207,981
Total	**9,117,981**	**745,924**	**9,863,905**

Personnel requirement estimates are based on the mine production rate and mine schedule. A mining contractor will begin work in the pre-production development stage to allow time for the owner to recruit staff for the project. The contractor will continue mine access development during production.

Underground staffing requirements peak at 54 personnel during full production, including 9 mine operating and 5 mine maintenance salaried dayshift personnel, 32 shift technical staff, and 8 shift supervisors. Underground hourly labour requirements will peak at 312 in Year 5 during full production, including 248 mine operating and 64 mine

maintenance hourly personnel. The personnel requirements do not include the labour required for access development performed by the contractor.

Mine Services

A two-bay sump will be located at the bottom of the mine and will be constructed to allow suspended solids to settle out of the ground water before pumping. The sump will be equipped with four high-pressure pumps: two working and two on stand-by. A 300 mm (12″) diameter steel dewatering pipe will be installed in the main access decline to pump water from the sump to the final tailing pump box on surface.

Industrial-quality water will be distributed in 4″ and 2″ diameter pipelines throughout the underground workings for drilling equipment, dust suppression, and firefighting. The major electrical power consumption in the mine will be from the main and auxiliary ventilation fans, drilling equipment, and mine dewatering pumps. A high voltage cable will enter the mine via the main access decline and will be distributed from the main underground substation via boreholes to electrical substations located on each sublevel. High voltage power will be reduced to 600 V at electrical sub-stations. All power will be three-phase and, except for lighting and convenience receptacles, which will use single phase 127 kV power.

A leaky feeder communication system will be installed throughout the mine. The system will interface with the surface communication system. It will be also used for centralized blasting. Telephones will be located at key infrastructure locations such as the underground electrical sub-stations, refuge areas, lunchrooms, and pumping stations. Key personnel and mobile equipment operators will be supplied with an underground radio.

The mobile drilling equipment such as jumbos, rock bolters, and scissor lifts with ammonium nitrate and fuel oil loaders will be equipped with their own compressors. No reticulated compressed air system will be required. Six portable compressors will be used to satisfy compressed air consumption for miscellaneous underground operations.

Explosives will be stored on surface in permanent magazines. Detonation supplies (non-electric and electrical caps, detonating cords, etc.) will be stored in a separate magazine on the surface.

The underground mobile equipment will have an estimated average fuel consumption rate of approximately 8,556 L/d during the production period. Haulage trucks and all auxiliary vehicles will be fueled at fuel stations on surface. The fuel/lube cassette will be used for the fueling/lubing of LHDs and face equipment.

The personnel carriers will be used to shuttle employees from the surface to the underground workings and back during shift changes. Supervisors, engineers, geologists, and surveyors will use diesel-powered trucks as transportation underground. Mechanics and electricians will use the mechanics' truck and maintenance service vehicles.

A boom deck with a 10-t crane will be used to move supplies, drill parts, and other consumables from surface to active underground workings.

A mine service crew will perform mine maintenance and construction work, ground support control and scaling, mine dewatering, and safety work.

Mobile underground equipment will be maintained in a mechanical shop located on the surface outside of main ramp access portal. A small underground maintenance shop with an overhead crane will also be constructed underground to provide maintenance for drilling equipment. A mechanics' truck will be used to perform emergency repairs underground. Major rebuild work will be conducted off site.

Development Schedule

The mine development is divided into two periods: pre-production development and ongoing development.

The pre-production development period runs from the start of the project to when the first ore is fed to the process plant. Pre-production development will be scheduled to, among other things:

- provide access for trackless equipment;
- provide ventilation and emergency egress;
- establish ore and waste handling systems;
- install mining services (backfill distribution, power distribution, communications, explosives storage, fuel storage and distribution, water supply, mine dewatering); and
- provide sufficient level development in advance of start-up to develop sufficient ore reserves to support the mine production rate.

All underground pre-production development will be done by contractor with the use of the contractor's equipment, personnel, and supervision. A 130 m per month advance rate was assumed for a jumbo crew developing a 4.5 m wide by 4.5 m high heading, and a 90 m per month advance rate was assumed for a raise boring crew to drill a pilot hole and ream it to a 4.0 m diameter.

Underground infrastructure development, such as dewatering sumps, maintenance shop, and explosives storage, will be completed prior to production.

It is estimated that pre-production development will be completed in two years. Ore development is not included in the development schedule as it will be part of ore production.

Ongoing sustaining development will continue to be performed by a contractor during the production stage. The contractor will demobilize from the site in Year 9 when all main access development is completed.

Table 1.5 - Mine Development Schedule

Production Year	Unit	Pre-production	Year										Total
			1	2	3	4	5	6	7	8	9	10	
Annual Metres (Horizonal)	m	5,420	1,497	1,437	1,132	950	1,040	765	216	364	360	0	13,181
Annual Metres (Vertical)	m	462	45	214	37	0	0	61	0	0	0	0	819
Total Development	m	5,882	1,542	1,651	1,169	950	1,040	826	216	364	360	0	14,000

Production Schedule

The annual ore production rate of 990,000 tonnes (including ore from development and stopes) was scheduled based on 330 mine operating days per year with three 8-hour shifts per operating day.

Criteria for scheduling production included targeting the mining blocks with higher grade ore in the early stages of mine life in order to improve project economics. The production sequence of the mining blocks will be from the top down. The number of mining blocks in production will vary from 8 to 10 in most production years. On average, there will be five stopes in production for drift-and-fill mining and four in production for cut-and-fill. The only room-and-pillar block will be mined in Year 9.

Table 1.6 - Production Schedule

	Unit	Year										Total
		1	2	3	4	5	6	7	8	9	10	
Operating Days Per Year	d/a	330	330	330	330	330	330	330	330	330	70	
Mill Feed	t	990,000	990,000	990,000	990,000	990,000	990,000	990,000	990,000	990,000	990,000	**9,117,981**
Grade												
Ag	g/t	214	217	217	205	183	182	177	167	148	137	**189**
Au	%	0.171	0.169	0.158	0.157	0.150	0.157	0.151	0.138	0.079	0.076	**0.146**
Pb	%	0.194	0.194	0.146	0.148	0.120	0.189	0.235	0.242	0.263	0.372	**0.196**
Zn	%	0.584	0.614	0.506	0.541	0.483	0.487	0.615	0.595	0.637	0.709	**0.566**

Mineral Processing and Metallurgical Testing

Four main metallurgical testing programs were carried out on the multiple metal (silver/lead/zinc) mineralization samples from the Fuwan silver deposit in Guangdong province, China. Samples from different drill holes were composited for the metallurgical testing programs. The test work includes ore hardness determination, mineralogical determination, flotation concentration, gravity separation, hydrometallurgical process, and ancillary tests including settling tests and acid base accounting (ABA) tests.

The dominant sulphide minerals in the mineralization are: pyrite, sphalerite, galena, argentiferous tennantite, tetrahedrite, miargyrite, proustite-pyrargyrite, marcasite, native gold, bournonite, stephanite, chalcopyrite, and covellite.

The flotation tests included open batch flotation condition optimization tests, locked cycle tests, and variability tests. The tests indicated that the mineralization responded well to conventional differential flotation: silver-lead flotation followed by zinc flotation. Although silver hydrometallurgical extraction was high when the head samples or the concentrate samples were pre-treated by roasting and ultrafine regrinding, the hydrometallurgical processes had not been considered in the study due to high operating costs and potential environment issues.

A 3,000 t/d process plant has been designed for the Fuwan Project to process silver bearing lead and zinc sulphide mineralization. The process plant will operate 330 d/a at an annual process rate of 990,000 t/d and three shifts per day. Overall process plant availability will be approximately 90%.

The run-of-mine (ROM) from the underground mine will be crushed by an 800 mm by 1,100 mm jaw crusher to 80% passing 150 mm, and then ground to 80% passing 100 μm in a semi-autogenous grinding (SAG, 5.5 m Dia x 3.0 m EGL, 1,250 kW)-ball mill (3.96 Dia x 6.56 L, 1,650 kW)-pebble crushing circuit (SABC). The silver, lead, and zinc minerals will be recovered by a conventional differential flotation process as follows:

- silver-lead bulk will be subject to rougher flotation followed by zinc rougher flotation;
- the silver-lead rougher flotation concentrate will be reground and subject to three stages of cleaner flotation; and
- the zinc rougher flotation concentrate will be upgraded by three stages of cleaner flotation, without regrinding.

The tailings produced from the zinc rougher scavenger flotation circuit will be sent to the TMF (as defined below) for the storage and to the underground mine for hydraulic backfilling. The produced silver-lead concentrate and zinc concentrate will be thickened and then pressure filtered separately prior to being transported to smelters. Depending on the lead head grade, the silver-lead concentrate may be further processed to produce a silver concentrate and a lead-silver concentrate.

The average dry concentrate production is forecasted to be as follows:

- silver-lead concentrate – 15,900 t/a, including:
  - 154,700 kg/a (4,975,000 oz/a) silver
  - 1,600 t/a lead

- zinc concentrate – 9,300 t/a average, including:
  - 4,700 t/a zinc
  - 15,400 kg/a (495,400 oz/a) silver.

Tailings Management Facility

The Fuwan Project includes development of a new proposed land-based tailing management facility (the "TMF") to store up to 2.6 M m3 of the tailings. The tailings will be the fine fraction classified from the flotation tailings. The TMF will be developed in two stages:

- Stage 1 Facility - capable of storing initial 8.3 years of tailings deposition through three dam raises; and
- Stage 2 Final Facility – capable of storing additional 0.9 years of tailings deposition by either raising the Stage 1 Facility or using on-land storage in a separate facility.

The current cost estimates assume that raising the Stage 1 TMF dam (subject design) to accommodate additional 0.9 years of tailings deposition is feasible. However, this is to be confirmed by subsequent geotechnical and hydrogeological investigations.

Essentially the TMF dam will be a 56 m high earth/rock fill structure with a 6 m wide crest and composite HFPE / clay core lining (Zone 1 / Zone 2) on the upstream slope. The HDPE membrane will be protected by woven bags filled with tailings (Zone 1).

The dam will be constructed in three stages:

- Stage 1 (3.1 years storage capacity) will be 38 m high with crest at El. 61 m;
- Stage 2 (2.7 years storage capacity) will add additional 10 m bringing the dam crest to El. 71 m; and
- Stage 3 (2.5 years of storage capacity) will add another 8 m for the final crest at El. 79 m.

Storm water around the TMF will be managed using the following structures:

- a perimeter diversion ditch; and
- a decant tower and pipe.

The subject TMF designs have been developed in between the prefeasibility and feasibility levels. Detailed geotechnical engineering analyses have not been completed and this may have a potential impact on the current design and cost estimate accuracy because of potential design modifications to be developed when the results of geotechnical and hydrogeological investigations and laboratory testing have become available. A geotechnical engineering analysis should be conducted to confirm the design before the next phase of engineering.

There is a need to identify the location for storing the tailings produced during the rest of the 0.9-year operation. The potential use of the tailings for making bricks to be included in local infrastructure projects should be further studied and confirmed.

Infrastructure and Ancillary Facilities

The project site is close to the town of Fuwan, which has a well-developed paved village level road network. The town is accessible by paved public highways to Guangzhou and other major cities. The haulage distance between the mine site and the Shanshui railway station, which connects the main stations, Guangzhou station and Zhanjiang station, is approximately 26 km. The deposit is adjacent to the Xijiang river which is accessible to an international waterway in the South China Sea via the Zhujiang river.

Electrical power, water, telephone service, and supplies are available in the town of Fuwan.

The proposed mine site is large enough to accommodate proposed processing facilities, surface service facilities, waste rock storage areas, as well as an approximately 8.3-year tailing surface storage pond. The surface service facilities will include administration buildings, a workshop, an explosive magazine, power and water supply facilities, a backfill station, a waste water treatment facility and haulage road system.

All buildings of the project will be new and built according to the Chinese construction codes. Power to the project will be provided via an existing 110 kV utility substation located in Fuwan town, approximately 4 km from the mine. NERIN and Minco Silver have contacted with the Fushan Power Supply Company of the South Grid and confirmed that the Fushan substation has sufficient capacity to provide power to the Fuwan mining project.

This substation presently has a single incoming transmission line and will provide a single 35 kV power line to the mining project. The external 35 kV power line will be provided by the electrical utility to the mine site. At the mine, a step-down substation (35 kV /10 kV) will be established consisting of equipment and facilities necessary to service the connected mine loads.

Capital Cost Estimate

This estimate has been completed partially by NERIN and partially by Wardrop. The majority of the information used in the estimate is based on the quantities and pricing provided by NERIN to Wardrop on March 28, 2009 and additional information and clarifications via email between April 1, 2009 and April 8, 2009. NERIN indicated that its estimate has an accuracy range of ±25%. The estimate has sufficient detail to provide a suitable basis for controlling the Engineering, Procurement, and Construction Management (EPCM) phase of the project.

Table 1.7 provides a summary of capital costs for the Fuwan Project.

Table 1.7

Area Cost **Direct Works**	**(US$ x '000)**
Mining (provided by Wardrop)	21,637
Primary Crushing	660
Crushed Ore Stockpile and Reclaim	305
Secondary and Tertiary Crushing	52
Grinding, Flotation, Dewatering, Reagents & Service	9,140
Tailings Disposal Facilities	4,250
Plant Site, Infrastructure & Ancillary Facilities	8,627
Temporary Services	35
Site/Plant Mobile Equipment	1,190
Power Lines (Included in Power Supply)	-
Direct Works Subtotal	**45,896**
Indirect Works	
Project Indirect	13,330
Land Acquisition	2,120
Owner's Costs	5,663
Contingency	6,051
Indirect Works Subtotal	**27,164**
TOTAL PRE-PRODUCTION CAPITAL COSTS	**73,060**
Working Capital and Pre-Production Interest	**8,300**
Sustaining Capital	**59,900**

The Company considers that 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.

Operating Cost Estimate

Disclosure of information of a scientific or technical nature contained herein for the Company's Fuwan Project have been derived from the following technical reports, which were each prepared in compliance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*: (i) "Technical Report and Updated Resource Estimate on the Fuwan Property, Guangdong Province, China", dated effective December 2, 2007; and (ii) "Fuwan Silver Project Feasibility Study Technical Report", dated effective September 1, 2009 (together, the "Technical Reports"). Readers are cautioned that metal prices, foreign exchange rates, operating cost estimates and capital cost estimates contained in the Technical Reports since the respective effective dates of such reports have not been updated and may not be current. Therefore, the economic analysis contained in the Technical Reports, as applicable, should not be relied upon as it may not be reflective of current market conditions.

The operating cost estimates are based on a process rate of 990,000 tonnes of ore annually or 3,000 t/d of ore. All operating costs are shown in US$, unless otherwise specified.

Mining	$ 18.01/t
Processing	$ 9.90/t
Tailings	$ 1.13/t
G&A	$ 4.78/t

Surface Services	$ 0.60/t
Total	**$ 34.42/t**

The exchange rate for US and Canadian dollars to Chinese currency is US$1.00 = ¥6.82 = Cdn$0.82. Mine operating costs are shown in Table 1.8.

Table 1.8 – Mine Operating Cost Summary - LOM

	Cost
Total Mine Operating Cost	**$ 164,234,279**
Average per Tonne	$ 18.01/t
Labour Cost	**$ 38,124,300**
Average per Tonne	$ 4.18/t
Mining Cost without Labour	**$ 126,109,979**
Average per Tonne	$ 13.83/t

On average, the annual process operating cost is estimated to be approximately $9.80 M or $9.90/t milled. The estimated process operating costs are in Table 1.9.

Table 1.9 – Summary of Process Operating Costs

Description	Personnel	Annual Costs (US$)	Unit Cost (US$/t Ore)
Labour			
Operating Staff	10	354,240	0.358
Operating Labour	46	427,680	0.432
Maintenance	46	469,440	0.474
Metallurgical Laboratory	3	38,160	0.039
Assay Laboratory	13	131,760	0.133
Sub-total Labour	**118**	**1,421,280**	**1.436**
Major Consumables			
Metal Consumables		2,347,140	2.371
Reagent Consumables		1,224,780	1.237
Supplies			
Maintenance Supplies		597,000	0.603
Operating Supplies		125,000	0.126
Power Supply		4,085,866	4.127
Sub-total Supplies		**8,379,787**	**8.464**
Total Process	**118**	**9,801,067**	**9.900**

The average tailings operating cost is estimated to be $1.13/t milled.

General and administrative ("G&A") costs are the costs that do not relate directly to the mining or processing operating costs. The G&A costs are estimated at approximately $4.73 M/a or $4.78/t milled. The estimated personnel requirement for G&A is 61 persons, including supervision and services. The site service cost is estimated at $0.60/t milled or about $7,128,000 per annum.

Financial Analysis

An economic evaluation of the Fuwan Project was prepared by Wardrop based on a pre-tax financial model. For the 9-year mine life and 9.1 Mt reserve, the following pre-tax financial parameters were calculated:

- 33.2% internal rate of return ("IRR");
- 2.3 years payback on $73.1 M capital; and
- US$111.5 M net present value ("NPV") at a 6% discount rate

The base case prices are the following 3-year historical average price from the LME, as at May 31, 2009:

- Silver – US$13.57/oz
- Gold – US$767.72/oz
- Zinc – US$1.18/lb
- Lead – US$0.91/oz

Sensitivity analyses were carried out to evaluate the project economics for 2-year historical average metal prices (upside case) and the Energy and Metals Consensus Forecast ("EMCF") published by Consensus Economics Inc. (downside case).

The analyses are presented graphically as financial outcomes in terms of NPV and IRR in Figure 1.2 and Figure 1.3. The project NPV (6% discount) is most sensitive to silver price and, in decreasing order: operating cost, capital cost, zinc price, gold price and lead price.

Figure 1.2 NPV Sensitivity Analysis

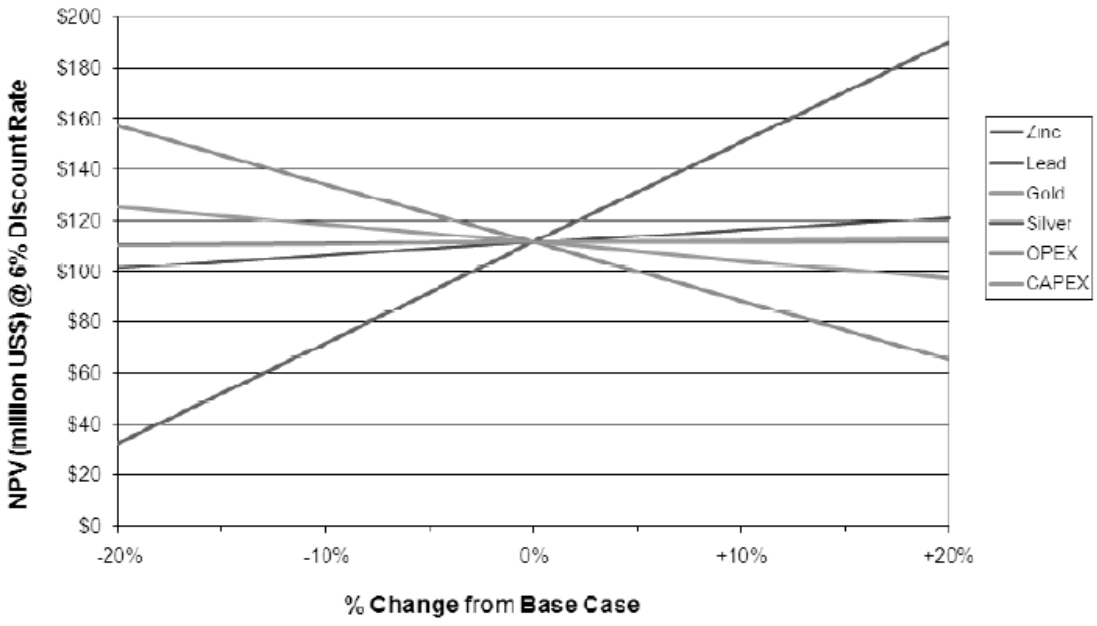
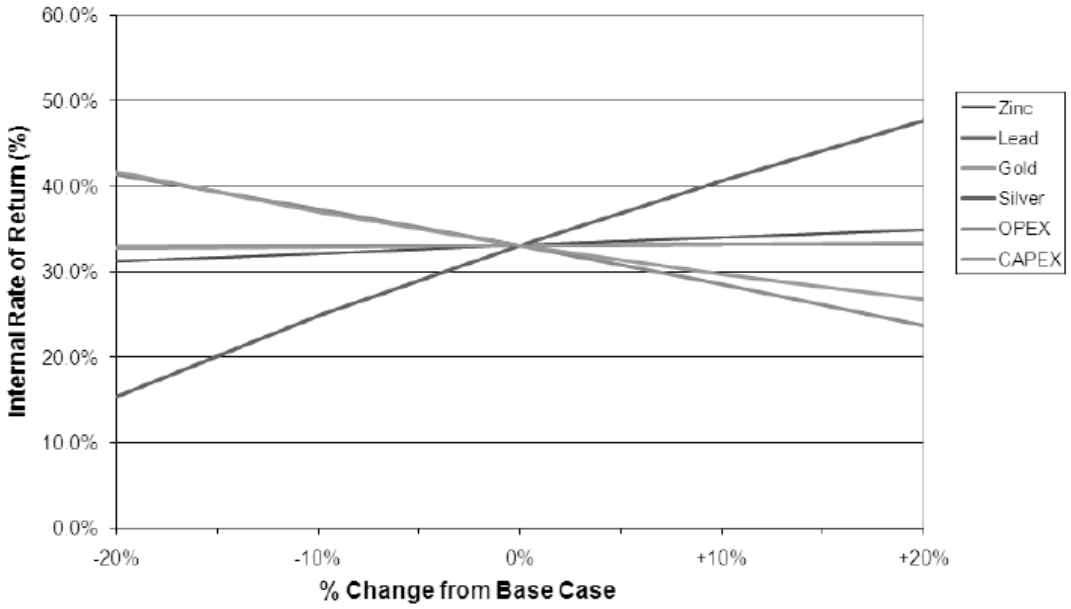


Figure 1.3 IRR Sensitivity Analysis



Environmental

Background

At the time of writing the Minco Silver Project Environmental Social and Health Impact Assessment Report (the "ESHIA Report"), project design was at the feasibility stage and hence some mine design details were not available to the Environmental Social and Health Impact Assessment (the "EHSIA") team and others were subject to change based on the evolving understanding of the geometry and grade distribution of the ore body (and hence mine plan) and technical issues relating to ore processing and site facilities' configuration. There is, therefore, some uncertainty with respect some ESHIA findings and it is likely that further baseline investigations (as recommended in the ESHIA Report) and continuing work on the mine design will necessitate future revision of the ESHIA Report, likely in the form of an addendum, or of the Environmental, Socio-Economic and (Community) Health Management Plan in respect of the project.

Project Setting

The mine site area is typified by commercial plantation and secondary re-growth forest with some grassland areas. Numerous fish ponds are also located close to the mining and associated surface facility areas, the nearest of which is the Nankeng Reservoir, southeast of the TSF (Figure 1.4). Plantation forests and fish ponds represent primary and secondary income sources, respectively, for local communities. There are seven villages within one kilometer of the site as depicted in Figure 1.5.

Figure 1.4 Land Uses

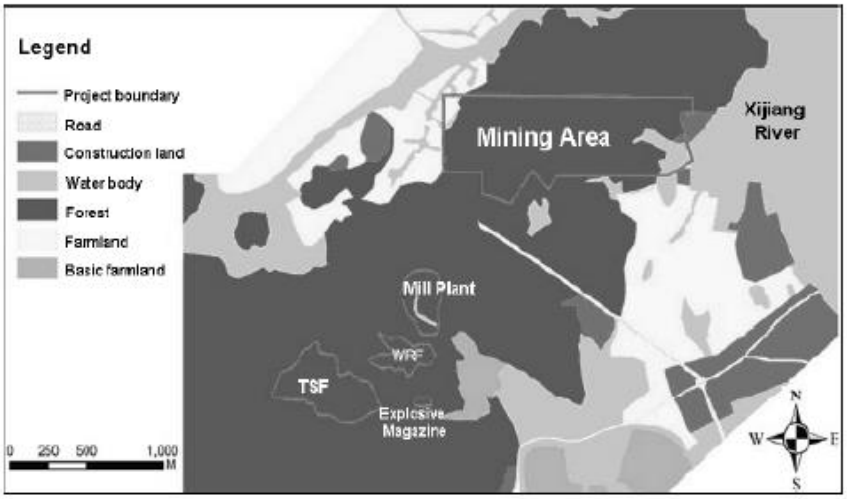
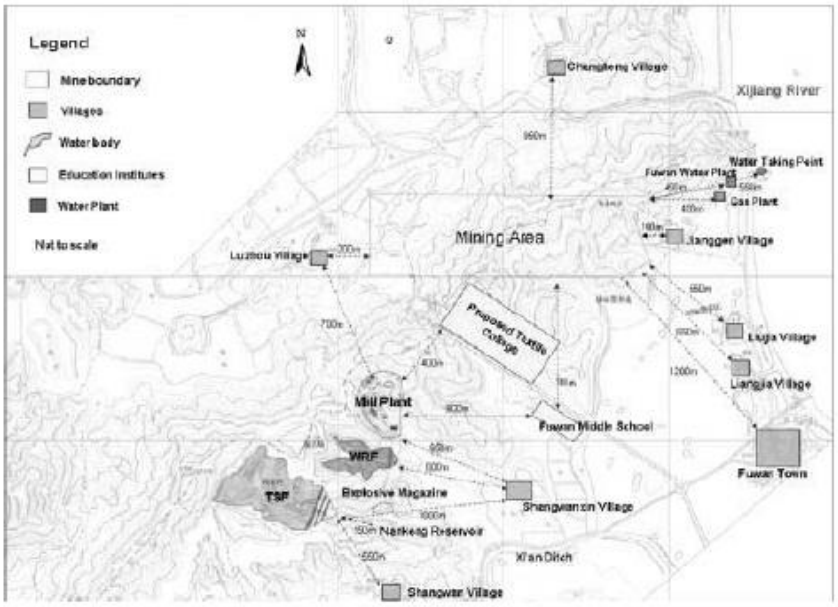


Figure 1.5 Nearby Villages



ESHIA Findings

The ESHIA process assessed the project for all phases of its life cycle namely, development, operations and decommissioning. Broadly, the project has been assessed to not result in significant environmental, socioeconomic or community health impacts, assuming that industry best process practice is implemented during execution and that additional control measures recommended within the ESHIA are satisfactorily implemented during all project phases.

The only issues where statutory limits have been predicted to be exceeded are in relation to dust and transport vehicle night time noise emissions at Shangwanxin Village. These impacts can, however, be adequately mitigated by wetting down the access road during dry and windy conditions and night time prohibition of transportation movement along the access road.

Notwithstanding the above, there are some aspects of the mine design and proposed development for which further investigation is considered warranted to be able to fully understand the environmental, socio-economic and (community) health issues and to confirm that there is no significant risk to receptors. These are summarized in the following sections.

Mine Blasting

The area to be mined is in close proximity to Luzhou and Jianggen Villages and the proposed Textile College site. Underground blasting in areas close to these receptors may result in plumb vibration levels that cause shaking of existing buildings or buildings that may be erected in the near future (i.e. within the college site). It was recommended that this risk be further evaluated and a blasting plan developed that prescribes and limits the weight of explosives, the number of holes to be blasted in a single shot and the time delay between blast shots to ensure that no adverse effects are caused.

Waste Rock and Tailings Storage Facilities

Laboratory tests have demonstrated that tailings and waste rock have traces of heavy metals and have a low potential to generate acid drainage.

A geotechnical survey of the TSF and Water Storage Facility ("WSF") areas has yet to be conducted.

Geotechnical survey data from the mining area suggests, however, that the permeability of soil and rock in the general area is highly variable. There is, therefore, some uncertainty regarding whether groundwater resources would be at risk from any leached metals or acid drainage from the TSF and WSF.

It is recommended that a geotechnical survey be undertaken to determine the permeability of TSF and WSF basement strata and, if found to be permeable, that natural (e.g. compacted clay) liners be introduced. It is also recommended that groundwater monitoring wells be installed down hydraulic gradient of the facilities and that these be sampled twice-yearly to confirm whether or not leaching of metals into groundwater or acid drainage is occurring. These monitoring wells can also be used during decommissioning.

Groundwater Drawdown

Groundwater that enters the mine void will be collected in a series of sumps and will be pumped to the surface for treatment and subsequent re-use in the process plant or disposal to the Xi'an Ditch.

The project geotechnical report states that the maximum groundwater drawdown depth will be 283.83 m and that the permeability coefficient will be 0.6815 m/day. The affected area will, therefore, have a diameter of 2,343 m. Groundwater drawdown may result in surface subsidence, cave-ins or fracturing.

Existing groundwater wells within Shanwanxin and Jianggen Villages are within the predicted groundwater drawdown area and, hence, groundwater availability may be affected by drawdown. As tap water has been provided to these villages, their reliance on the groundwater wells for potable water has decreased. Fish ponds in Shangwanxin Village are, however, recharged using groundwater and hence may be affected if insufficient groundwater is available due to drawdown.

It is recommended that additional investigations into groundwater drawdown be conducted, including a water balance study that assesses recharge rates against predicted draw down rates. The identified potential effects of drawdown should be further quantified where possible.

Geological Hazards – Surface Cave-In

Geological hazards in the mining area include landslides and surface cave-ins. There were a total of 19 sites where geological hazards in the past have been identified, including eight landslide sites and 11 cave-in sites. Among these, one landslide site and two collapse sites are defined as medium-severity and are in an unstable state.

The three sites are respectively located near the Fuwan Water Plant, Gaoming-Gaoyao road and the mouth of the valley of the proposed Waste Rock Facility ("WRF").

While the progressive backfilling of mine voids will assist in maintaining ground stability, has been recommended that additional work be undertaken to better understand the geotechnical state of ground above the proposed underground mine prior to the commencement of underground mining activities. The geo-technical survey should be aimed at identifying areas that may be prone to subsidence or cave-in and to determine what third party properties would be at risk in such a scenario.

5.2 Changkeng Property

On July 31, 2015, the Company acquired the Changkeng Property from Minco Gold as part of its acquisition of Minco Resources.

The following is a brief description of the Company's Changkeng Property. Technical Information respecting the Changkeng Property is primarily derived from a NI 43-101 compliant technical report entitled "*Technical Report and Updated Resource Estimate on the Changkeng Gold Property, Guangdong Province, China*" for Minco Gold, dated effective February 21, 2009 and prepared by Tracy Armstrong, P. Geo Ontario, Eugene Puritch, P. Eng. Ontario and Antoine Yassa, P.Geo. Québec, all of P&E and all "qualified persons" for the purposes of NI 43-101. This technical report includes relevant information regarding the data, data validation and the assumptions, parameters and methods of the mineral resource estimates on the Changkeng Property.

LOCATION

The Changkeng Property is located approximately 45 km southwest of Guangzhou, the fourth largest city in China with 13 million people and the capital city of Guangdong Province. The project is adjacent to Fuwan Silver Deposit and situated close to well established water, power, and transportation infrastructure.

Location Map of Changkeng Gold Property



OWNERSHIP

Minco Gold, through its subsidiary, signed a 30-year joint venture contract with four Chinese companies for the exploration and development of the Changkeng Property in late 2004. A business license was granted on March 30, 2007 to Mingzhong, a joint venture company established for pursuing the Changkeng Property and a subsidiary of the Company.

Mingzhong, a cooperative joint-venture established among Minco China, Guangdong Geological Bureau, Guangdong Gold Corporation and two private Chinese companies to jointly explore and develop the Changkeng Property, signed a purchase agreement in January 2008 to acquire a 100% interest in the Changkeng Exploration Permit on the Changkeng Project from 757 Exploration Team.

The transfer of the Changkeng Exploration Permit from 757 Exploration Team to Mingzhong was approved by MOLAR in 2009. This exploration permit was renewed for a two-year period ending on September 10, 2015. The purchase price of the Changkeng Exploration Permit was set at RMB 48 million (approximately $7.6 million). As of December 31, 2008, the Company paid the first payment of RMB 19 million (approximately $3.22 million) for the Changkeng Exploration Permit to 757 Exploration Team. The remaining balance of RMB 29 million ($4.92 million) was settled in May 2013.

EXPLORATION ACTIVITIES

There were no exploration activities conducted on the Changkeng gold project in the past three years except as required to maintain the exploration permits in respect of the project.

Technical Information of the Changkeng Gold Project

GEOLOGY

The Changkeng Project is located at the northwest margin of a triangular upper paleozoic fault basin, at the margin with the northeast trending Shizhou fault to the northwest, the east-west trending Dashi fault to the south and the northwest trending Xijiang fault to the northeast. Precious and base metal occurrences and deposits are known to occur predominantly along the margins of the 550 km² basin. The Changkeng Gold Property is covered by the 1.18km^2 area over the Changkeng permit.

The major structural control at Changkeng is an upright, open syncline with its axis trending northeast. The syncline is composed of Lower Carboniferous limestone and Triassic siliciclastic rocks. A low-angle fault zone is developed along the contact between the Lower Carboniferous unit and the Upper Triassic unit. The fault zone is from several meters to tens of meters in width and is occupied by lenticular, brecciated and silicified rocks, brecciated limestone, and silicified sandy conglomerate. The fault zone may have acted as both a feeder conduit and as a host structure for the gold and silver mineralization in the area. A set of second-order faults parallel to the major fault were developed in the limestone at the footwall, and silver mineralization is known to occur in the second-order faults on the Fuwan Property to the south. Gold was discovered at Changkeng in early 1990 by systematic follow up of stream sediment and soil geochemical anomalies identified from surveys completed by the Guangdong Provincial government. Illegal, small scale mining began in 1991 and removed most of the oxidized, near surface mineralization. Based on 13 surface trenches and 81 diamond drill holes, P&E prepared an initial NI 43-101 compliant resource estimate on the deposit in March of 2008 with a resource update in March 2009 (collectively, the "Changkeng Technical Reports"). The Changkeng Technical Reports can be found on SEDAR under the profile of Minco Gold, and are incorporated by reference herein. The detailed resource estimates are provided below.

The Changkeng Project is comprised of three mineralized zones, termed the CK1, CK2 and CK3 Zones. The overall strike length of the deposit, incorporating these zones, is approximately 1200 meters in a N065° direction, with a cross-strike width of between 110 to 380 meters. The deposit outcrops on surface and the deepest zone of mineralization intersected by drilling to date is approximately 280 meters below surface. The average width of a mineralized intersection is 10.4 meters (apparent thickness).

The Changkeng Project falls into the broad category of sediment hosted epithermal deposits. Gold mineralization occurs as lenticular bodies in the brecciated Triassic classic rocks at the upper portion of the synform zone. The gold zone tends to pinch out toward the hinge of the syncline where it is replaced by silver mineralization at the Fuwan Silver Deposit.

DRILLING PROGRAM

Minco Gold completed a comprehensive exploration program on the Changkeng Property from late 2007 to the end of 2008. The exploration program consisted of drilling of 66 diamond holes and an extensive hydrological study as well as a geotechnical survey. The drilling program was designed to expand the known resources through step-out drilling, as well as increase the indicated resources through in-fill drilling, with the first 22 holes mainly testing the wider spaced drill targets throughout the entire property. Drilling was conducted on an approximately 40 meter section spacing with holes on section between 20 meters and 80 meters apart.

At the completion of the 2008 drilling program, the known gold mineralization at the Changkeng Property was extended by approximately 400 meters along strike to the east-northeast; from just less than 900 meters to

approximately 1200 meters in length. Mineralization was also extended down dip in localized areas along the eastern end of the known mineralization.

RESOURCE ESTIMATES

A resource estimate was made by P&E for the Changkeng Property by utilizing diamond drill data from a total of 127 drill holes and 13 surface trenches. On March 25, 2009, the Company reported an updated NI 43-101 resource estimate for the Changkeng Property, including the calculations of the distinct and separate gold dominant and silver dominant zones.

The following is a summary of the updated resource calculation prepared for the Changkeng Property. The definitions of Indicated and Inferred Resources are in compliance with the Canadian Institute of Mining Metallurgy and Petroleum CIM Definition Standards on Mineral Resources and Reserves (the "CIM Definition Standards"), which were adopted by the CIM Council on December 11, 2005.

The Changkeng Property has two distinct and separate mineralized zones (a gold ("Au") dominant zone and a silver ("Ag") dominant zone). The gold portion of the resource estimate has been expanded and upgraded to contain indicated resources of 4.0 million tonnes @ 4.89 g/t Au for a total of 623,100 oz Au. The estimate also contains inferred resources of 4.0 million tonnes @ 3.01 g/t Au, for a total of 386,800 oz Au.

March 2009 P&E Gold Dominant Portion of Resource Estimate @ 1.2 g/t AuEq Cut-Off

Classification	Tonnes	Au (g/t)	Au (oz)	Ag (g/t)	Ag (oz)	AuEq ** (g/t)	AuEq ** (oz)
Indicated	3,961,000	4.89	623,100	11.2	1,423,000	5.08	646,800
Inferred	4,001,000	3.01	386,800	9.5	1,218,000	3.16	407,000

**The AuEq grade was calculated from Au US$800/oz and Ag US$14/oz with respective recoveries of 95% and 90%. The calculated Au:Ag ratio was 60:1. Pb and Zn values were too low to be of economic interest for resource reporting purposes.

1. *Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*
2. *The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.*

March 2009 P&E Silver Dominant Portion of Resource Estimate @ 35 g/t Ag Cut-Off

Classification	Tonnes	Ag (g/t)	Ag (oz)	Au (g/t)	Pb (%)	Zn (%)
Indicated	5,622,000	170	30,708,000	0.33	0.35	1.02
Inferred	1,063,000	220	7,517,000	0.24	0.61	1.36

1. *Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*
2. *The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.*

The resource estimate prepared on the Changkeng Property also includes minor amounts of lead (Pb) and zinc (Zn).

ITEM 6. DIVIDENDS

We have not declared or paid any dividends on our common shares since incorporation and we do not foresee the declaration or payment of any dividends on our common shares in the near future. Any decision to pay dividends on our common shares will be made by our board of directors on the basis of our earnings, financial requirements and other conditions existing at such future time and which our board of directors considers appropriate in the circumstances.

ITEM 7. DESCRIPTION OF CAPITAL STRUCTURE

Our authorized capital consists of an unlimited number of common shares without par value. As at the date of this Annual Information Form, there were an aggregate of 59,663,083 common shares issued and outstanding. The holders of our common shares are entitled to one vote at all meetings of our shareholders and to receive the remaining property of our Company upon dissolution.

As of the date of this Annual Information Form, there are also a total of options 5,374,002 and 735,000 Performance Shares Units outstanding under our long-term incentive plan adopted by shareholders on April 30, 2012.

ITEM 8. MARKET FOR SECURITIES

Our common shares are listed for trading on the TSX under the symbol "MSV". The following table provides the monthly price range and trading volume of our common shares from January 1, 2015 to December 31, 2015 on the TSX:

	Trading Summary for MSV		
	High ($)	**Low ($)**	**Volume Traded (# of Shares)**
2015			
January	0.70	0.52	702,300
February	0.74	0.50	378,800
March	0.57	0.48	329,400
April	0.50	0.45	817,600
May	0.78	0.48	935,100
June	0.59	0.49	545,400
July	0.54	0.46	617,600
August	0.49	0.38	564,300
September	0.46	0.38	1,011,700
October	0.47	0.39	889,200
November	0.43	0.36	1,894,400
December	0.45	0.35	1,507,400

ITEM 9. SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of the date of the Annual Information Form, no shares of the Company are held in escrow or are subject to a contractual restriction on transfer.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS

Our board of directors is comprised of five members. The term of office for each of our directors will expire at the time of our next annual general meeting of shareholders. The following table sets forth the name, province or state and country of residence, positions held and date of appointment and principal occupation for each of our directors and executive officers as at the date of this Annual Information Form:

Name and Province or State and Country of Residence	Position	Director Since	Principal Occupation for the Past Five Years
Dr. Ken Z. Cai Beijing, China	Chairman, Chief Executive Officer and Director	August 20, 2004	Chief Executive Officer of the Company; Dr. Cai is also the Chief Executive Officer, President and a Director of Minco Gold and is the Chief Executive Officer and a Director of Minco Base Metals Corporation.
Wayne Spilsbury[(2)(4)(5)(6)] Perth, Western Australia, Australia	Director	March 9, 2009	Geologist; retired from Teck Resources Ltd. in 2009 after 28 years in various roles in their exploration division. He has worked in mineral exploration throughout Western Canada, the United States, Asia, and Australia. Mr. Spilsbury is a retired member of the Association of Professional Engineers and Geoscientists of British Columbia, a Member of the Australian Institute of Geoscientists and a Fellow of the Australasian Institute of Mining and Metallurgy (CP) Geo.
Maria Tang [(1)(2)]	Director	July 27, 2015	Ms. Tang, CA, C.P.A, served as the Chief Financial Officer of Silvercorp Metals Inc. from October 1, 2008 until February 6, 2015. Ms. Tang also served as Chief Financial Officer and Chief Accountant of New Pacific Metals Corp. from October 1, 2008 until February 6, 2015. She worked with Ernst & Yong LLP, where she focused on public company audits with China operations. Ms. Tang has a Bachelor of Science degree from the Nankai University and holds both a Chartered Accountancy and American Institute of Certified Public Accountant designations.
George Lian[(2)(3)(4)] British Columbia, Canada	Director	June 28, 2010	Mr. Lian is the President of the Canada-China Business Association in Canada and the Chief Financial Officer of Arcland Resources Inc from August 2010 to present. Mr. Lian also practiced as a licensed lawyer for six years in Guangdong, China.
Tim Sun[(4)(6)] Hong Kong, SAR	Director	March 28, 2011	Mr. Sun is the Chief Executive Officer of Glory Wing International Ltd. and from 2005 to 2010 was the President and Chief Executive Officer of Canadian Sinosun Energy Inc.

Name and Province or State and Country of Residence	Position	Director Since	Principal Occupation for the Past Five Years
Larry Tsang	Interim Chief Financial Officer	Not applicable	Mr. Tsang was appointed Interim Chief Financial Officer of the Company on January 14, 2016. Mr. Tsang is currently the Interim CFO of Minco Based Metal Corporation, Minco Silver Corporation; CFO of Chimata Gold Corp. and Musgrove Mineral Resources Corp. During 2011 to 2015, Mr. Tsang was also CFO of Continental Precious Minerals Inc., Maxtech Ventures Inc., Arris Holdings Inc., and Cielo Gold Corp.

Notes:
(1) Chair of the Audit Committee.
(2) Member of the Audit Committee.
(3) Chair of the Compensation Committee.
(4) Member of the Compensation Committee.
(5) Chair of the Nominating Committee.
(6) Member of the Nominating Committee.

As at the date hereof, our directors and senior officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over, 760,000 (approximately 1.3%) of our issued and outstanding common shares.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as described below, no director or executive officer of the Company is, as at the date of this Annual Information Form, or has been, within 10 years before the date of this Annual Information Form, a director, CEO or CFO of any company (including our Company) that:

(a) was the subject, while the director or executive officer was acting in the capacity as director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or

(b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO of such company.

To the best of our knowledge, no director, executive officer or a shareholder holding a sufficient number of securities of our Company to affect materially the control of our Company:

(a) is, as at the date of this Annual Information Form, or has been within 10 years before the date of this Annual Information Form, a director or executive officer of any company (including our Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;

(b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder;

(c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(d) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Ken Cai was formerly the Chairman, CEO and a director of Pacific Link Mining Corp. (formerly Tranzcom China Security Networks Inc. ("Tranzcom")). On September 18, 2006, a cease trade order was issued against Tranzcom by the British Columbia Securities Commission. The cease trade order was issued in response to Tranzcom's failure to file its financial statements within the time periods mandated by National Instrument 51-102. The cease trade order against Tranzcom was revoked on December 18, 2006.

Conflicts of Interest

Certain members of the Company's board of directors and officers of the Company also serve as officers or directors of other companies involved in natural resource exploration and development. Consequently, there exists the possibility that those directors and officers may be in a position of conflict. In particular, Ken Z. Cai is a director of and serves in management in each of the Company, Minco Gold and Minco Base Metals. Larry Tsang serves as Interim CFO of each of the Company, Minco Gold and Minco Base Metals and Jennifer Trevitt serves as Corporate Secretary of the Company, Minco Gold and Minco Base Metals. Any decision made by those directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors and officers will declare, and refrain from voting on, any matter in which such directors or officers may have a conflict of interest. Matters between the Company and Minco Gold which put any of the directors or officers of the Company in a position of conflict are approved by the audit committee of the board of directors (the "Audit Committee") which is comprised of solely independent directors.

In addition to the potential conflicts described above, some of the directors and officers of the Company are also directors or officers of other reporting and non-reporting issuers that are engaged in other industry sectors. Accordingly, conflicts of interest may arise which could influence the decisions or actions of certain of the directors or officers of the Company. The Company is not aware of any conflicts of interest between the Company and any of its directors and officers as of the date of this Annual Information Form.

ITEM 11. AUDIT COMMITTEE DISCLOSURE

The Audit Committee's Charter

Our Audit Committee operates under a written charter that sets out its responsibilities and composition requirements. A copy of the audit committee charter is attached hereto as Schedule "A".

Composition of the Audit Committee

The members of the Audit Committee are Maria Tang, Wayne Spilsbury and George Lian. Each member of the Audit Committee is financially literate and each is an independent director of the Company.

Name of Member	Independent[(1)]	Financially Literate[(2)]
Wayne Spilsbury	Yes	Yes
George Lian	Yes	Yes
Maria Tang[(3)]	Yes	Yes

Notes:

(1) To be considered independent, a member of the Audit Committee must not have any direct or indirect "material relationship" with our Company. A "material relationship" is a relationship which could, in the view of our directors, be reasonably expected to interfere with the exercise of a member's independent judgment.

(2) To be considered financially literate, a member of the Audit Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by our financial statements.

(3) Ms. Tang was appointed Audit Committee Chair and Director on July 27, 2015 following the resignation of Mr. Chan-Seng Lee.

Relevant Education and Experience

The following relevant education and experience of the members of the Audit Committee have been used in assessing their financial literacy:

Maria Tang

Ms. Tang, CA, C.P.A, served as the Chief Financial Officer of Silvercorp Metals Inc. from October 1, 2008 until February 6, 2015. Ms. Tang also served as Chief Financial Officer and Chief Accountant of New Pacific Metals Corp. from October 1, 2008 until February 6, 2015. She worked with Ernst & Yong LLP, where she focused on public company audits with China operations. Ms. Tang has a Bachelor of Science degree from the Nankai University and holds both a Chartered Accountancy and American Institute of Certified Public Accountant designations.

Wayne Spilsbury

Wayne Spilsbury has been a director of Minco Silver since March, 2009. Mr. Spilsbury received his B.Sc. (Honors Geology) in 1973 from the University of British Columbia and his M.Sc. (Applied Geology) in 1982 from Queens University in Ontario. He brings over 35 years' experience in mining, including 28 years with Teck Resources Ltd. and is their former General Manager, Exploration - Asia Pacific. He has worked throughout Western Canada, the United States, Asia, and Australia.

Mr. Spilsbury is a member of the Association of Professional Engineers and Geoscientists of British Columbia, a Member of Australian Institute of Geoscientists, a Fellow of the Australasian Institute of Mining, Metallurgy (CP) Geo and the "qualified person" of the Company, as such term is defined in NI 43-101.

Mr. Spilsbury serves as a director of the following publicly-traded companies: Pioneer Resources Limited, an ASX listed company (non-executive director), International Lithium Corporation, a TSX Venture Exchange listed company (director), and GGL Resources Corporation, a TSX Venture listed company (director).

George Lian

Mr. George Lian has been a director of Minco Silver since June 2010. Mr. Lian holds a M.A. degree in Economics from Concordia University in Quebec, Canada, as well as M.B.A. degree from Shanghai Jiao Tong University in Shanghai, China. He practiced as a Chinese licensed lawyer in China from 1988 to 1993. He is the President of Canada China Business Association, Canada. Mr. Lian has been a director and Chief Financial Officer of Arcland Resources Inc., a TSX Venture Exchange listed company, since August 2010.

Audit Committee Oversight

Since the commencement of our most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor that was not adopted by our board of directors.

Reliance on Certain Exemptions

Since the commencement of our most recently completed financial year, we have not relied on the exemption in section 2.4 (*De Minimus Non-Audit Services*), section 3.2 (*Initial Public Offerings*), subsection 3.3(2) (*Controlled Companies*), section 3.4 (*Events Outside Control of Member*), section 3.5 (*Death, Disability or Resignation of Audit Committee Member*), section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*) or section 3.8 (*Acquisition of Financial Literacy*) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services, as described in the Audit Committee Charter.

External Auditor Service Fees

The following table discloses the fees billed to us by our external auditor during the last two financial years:

	Year ended December 31,	
	2015	**2014**
Audit Fees[(1)]	$ 133,000	$ 97,363
Audit-Related Fees[(2)]	$ 5,350	$ 10,077
Tax Fees[(3)]	$ Nil	$ Nil
All Other Fees[(4)]	$ Nil	$ Nil
TOTAL	$138,350	$107,440

Notes:
(1) The aggregate fees billed for audit services.
(2) The aggregate fees billed for consultation, assurance and related services that are reasonably related to the performance of the audit or review of our Company's financial statements.
(3) The aggregate fees billed for tax compliance, corporate income tax returns, tax advice, tax compliance, and tax planning services.
(4) The aggregate fees billed for professional services other than those listed in the other columns items.

ITEM 12. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not and was not during the fiscal year ended December 31, 2015 involved in any legal proceeding that involves a claim for damages in an amount, excluding costs and interest, which exceeds ten percent of the current assets of the Company.

ITEM 13. REGISTRAR AND TRANSFER AGENT

The Company's registrar and transfer agent for its common shares is Computershare Investor Services Inc., located at 200-510 Burrard Street, Vancouver, British Columbia, Canada V6C 3B9.

ITEM 14. INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS

No director, executive officer or 10% shareholder of our Company or any associate or affiliate of any such person or company, has or had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect our Company, except as otherwise described in this Annual Information Form and in respect of the SPA as a result of Mr. Ken Cai, chairman, chief executive officer and a director of the Company also serving as president, chief executive officer and a director of Minco Gold.

ITEM 15. MATERIAL CONTRACTS

Except as otherwise described in this Annual Information Form, there are no contracts, other than contracts entered into in the ordinary course of business, that are material to us and that were entered into in the most recently completed financial year, or before the most recently completed financial year, but are still in effect.

The following material contracts were entered into by us during the most recently completed financial year or before the most recently completed financial year but are still in effect:

1. On April 16, 2004, the Company entered into a Joint Venture Agreement with Guangdong Geological Exploration and Development Corp. ("GGEDC") to establish a Sino-foreign joint venture enterprise (the "Joint Venture Enterprise"), constituted as a separate legal entity in Guangzhou city in Guangdong Province, to explore and develop the Fuwan Silver Deposit in Guangdong Province. Both parties contributed cash to the Joint Venture Enterprise, with the GGEDC contributing 9 million RMB and the Company contributing 21 million RMB. This joint venture term is valid for 30 years.
2. On August 18, 2004 the Company entered into an amendment to the Joint Venture Agreement between the Company and GGEDC regarding the settlement for the Fuwan Exploration Permits.
3. On August 24, 2006, the Company entered into a Second Confirmation agreement with Minco Gold and Minco China to confirm their rights and obligations with respect to Minco China's holding of the Fuwan Exploration Permits and any other licenses, deeds, permits or similar such documents or any other rights, interests or assets that may in the future be acquired or held by Minco China in trust for and on behalf of Minco Silver.
4. On May 22, 2015, the Company, through its wholly owned subsidiary, Minco HK entered into a SPA, to acquire one million shares of Minco Resources, which represents all of the outstanding shares of Minco Resources for an aggregate purchase price of $13,732,260. Minco Resources and its Chinese subsidiaries collectively own a 51% interest in the Changkeng Property.
5. On July 31, 2015 the Company entered into an Amended and Restated Declaration of Trust and Agency Agreement with Minco China, Minco Silver, Yuanling Minco and Huaihua Tiancheng. The agreement sets out the title of trust assets pursuant to the SPA dated May 22, 2015.

ITEM 16. INTERESTS OF EXPERTS

The following is a list of persons or companies named as having prepared or certified a statement, report or valuation, in this Annual Information Form, either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company.

PricewaterhouseCoopers LLP, Chartered Accountants, are the Corporation's auditors and such firm has prepared an opinion with respect to the Corporation's consolidated financial statements as at and for the financial year ended December 31, 2015. PricewaterhouseCoopers LLP are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia and prepared an audit report as auditors of the Company, in connection with the audit of the Company's annual financial statements for the year ended December 31, 2015.

To the best of the Company's knowledge, none of the principals of P&E or Wardrop (the authors of various technical reports for the Company), have any registered or beneficial interest, direct or indirect, in any securities or other property of the Company.

Wayne Spilsbury, the "qualified person" of the Company as such term is defined under NI 43-101, was responsible for the preparation of technical disclosure in this annual information form.

No person or company referred to in this section beneficially owns, directly or indirectly, 1% or more of any class of our outstanding securities.

ITEM 17. ADDITIONAL INFORMATION

Additional information regarding us, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under our equity compensation plans, is contained in our management information circular dated May 22, 2015, which is available on SEDAR at www.sedar.com. Additional financial information is provided in our consolidated financial statements and related management's discussion and analysis for the fiscal year ended December 31, 2015, which is available on SEDAR at www.sedar.com.

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

SCHEDULE "A"

MINCO SILVER CORPORATION

AUDIT COMMITTEE CHARTER

I. Mandate and Purpose of the Committee

The Audit Committee (the "**Committee**") of the board of directors (the "**Board**") of Minco Silver Corporation (the "**Company"**) is a standing committee of the Board whose primary function is to assist the Board in fulfilling its oversight responsibilities relating to:

(a) the integrity of the Company's financial statements;

(b) the Company's compliance with legal and regulatory requirements, as they relate to the Company's financial statements;

(c) the qualifications, independence and performance of the Company's auditor;

(d) internal controls and disclosure controls;

(e) the performance of the Company's internal audit function;

(f) consideration and approval of certain related party transactions; and

(g) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

II. Authority

The Committee has the authority to:

(a) engage and compensate independent counsel and other advisors as it determines necessary or advisable to carry out its duties; and

(b) communicate directly with the Company's auditor.

The Committee has the authority to delegate to individual members or subcommittees of the Committee.

III. Composition and Expertise

The Committee shall be composed of a minimum of three members, each whom is a director of the Company. Each Committee member must be "independent" and "financially literate" as such terms are defined in applicable securities legislation.

Committee members shall be appointed annually by the Board at the first meeting of the Board following each annual meeting of shareholders. Committee members hold office until the next annual meeting of shareholders or until they are removed by the Board or cease to be directors of the Company.

The Board shall appoint one member of the Committee to act as Chair of the Committee. If the Chair of the Committee is absent from any meeting, the Committee shall select one of the other members of the Committee to preside at that meeting.

IV. Meetings

Any member of the Committee or the auditor may call a meeting of the Committee. The Committee shall meet at least four times per year and as many additional times as the Committee deems necessary to carry out its duties. The Chair shall develop and set the Committee's agenda, in consultation with other members of the Committee, the Board and senior management.

Notice of the time and place of every meeting shall be given in writing to each member of the Committee, at least 72 hours (excluding holidays) prior to the time fixed for such meeting. The Company's auditor shall be given notice of every meeting of the Committee and, at the expense of the Company, shall be entitled to attend and be heard thereat. If requested by a member of the Committee, the Company's auditor shall attend every meeting of the Committee held during the term of office of the Company's auditor.

A majority of the Committee shall constitute a quorum. No business may be transacted by the Committee except at a meeting of its members at which a quorum of the Committee is present in person or by means of such telephonic, electronic or other communications facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

The Committee may invite such directors, officers and employees of the Company and advisors as it sees fit from time to time to attend meetings of the Committee.

The Committee shall meet without management present whenever the Committee deems it appropriate.

The Committee shall appoint a Secretary who need not be a director or officer of the Company. Minutes of the meetings of the Committee shall be recorded and maintained by the Secretary and shall be subsequently presented to the Committee for review and approval.

V. Committee and Charter Review

The Committee shall conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter. The Committee shall conduct such review and assessment in such manner as it deems appropriate and report the results thereof to the Board.

The Committee shall also review and assess the adequacy of this Charter on an annual basis, taking into account all legislative and regulatory requirements applicable to the Committee, as well as any guidelines recommended by regulators or the Toronto Stock Exchange and shall recommend changes to the Board thereon.

VI. Reporting to the Board

The Committee shall report to the Board in a timely manner with respect to each of its meetings held. This report may take the form of circulating copies of the minutes of each meeting held.

VII. Duties and Responsibilities

(a) Financial Reporting

The Committee is responsible for reviewing and recommending approval to the Board of the Company's annual and interim financial statements, MD&A and related news releases, before they are released.

The Committee is also responsible for:

(i) being satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in the preceding paragraph, and for periodically assessing the adequacy of those procedures;

(ii) engaging the Company's auditor to perform a review of the interim financial statements and receiving from the Company's auditor a formal report on the auditor's review of such interim financial statements;

(iii) discussing with management and the Company's auditor the quality of applicable accounting principles and financial reporting standards, not just the acceptability of thereof;

(iv) discussing with management any significant variances between comparative reporting periods; and

(v) in the course of discussion with management and the Company's auditor, identifying problems or areas of concern and ensuring such matters are satisfactorily resolved.

(b) Auditor

The Committee is responsible for recommending to the Board:

(i) the auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company; and

(ii) the compensation of the Company's auditor.

The Company's auditor reports directly to the Committee. The Committee is directly responsible for overseeing the work of the Company's auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company, including the resolution of disagreements between management and the Company's auditor regarding financial reporting.

(c) **Relationship with the Auditor**

The Committee is responsible for reviewing the proposed audit plan and proposed audit fees. The Committee is also responsible for:

(i) establishing effective communication processes with management and the Company's auditor so that it can objectively monitor the quality and effectiveness of the auditor's relationship with management and the Committee;

(ii) receiving and reviewing regular feedback from the auditor on the progress against the approved audit plan, important findings, recommendations for improvements and the auditor's final report;

(iii) reviewing, at least annually, a report from the auditor on all relationships and engagements for non-audit services that may be reasonably thought to bear on the independence of the auditor; and

(iv) meeting in camera with the auditor whenever the Committee deems it appropriate.

(d) **Accounting Policies**

The Committee is responsible for:

(i) reviewing the Company's accounting policy note to ensure completeness and acceptability with applicable accounting principles and financial reporting standards as part of the approval of the financial statements;

(ii) discussing and reviewing the impact of proposed changes in accounting standards or securities policies or regulations;

(iii) reviewing with management and the auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting;

(iv) discussing with management and the auditor the acceptability, degree of aggressiveness/conservatism and quality of underlying accounting policies and key estimates and judgments; and

(v) discussing with management and the auditor the clarity and completeness of the Company's financial disclosures.

(e) **Risk and Uncertainty**

The Committee is responsible for reviewing, as part of its approval of the financial statements:

(i) uncertainty notes and disclosures; and

(ii) MD&A disclosures.

The Committee, in consultation with management, will identify the principal business risks and decide on the Company's "appetite" for risk. The Committee is responsible for reviewing related risk management policies and recommending such policies for approval by the Board. The Committee is then responsible for communicating and assigning to the applicable Board committee such policies for implementation and ongoing monitoring.

The Committee is responsible for requesting the auditor's opinion of management's assessment of significant risks facing the Company and how effectively they are managed or controlled.

(f) **Controls and Control Deviations**

The Committee is responsible for reviewing:

(i) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and

(ii) major points contained in the auditor's management letter resulting from control evaluation and testing.

The Committee is also responsible for receiving reports from management when significant control deviations occur.

(g) **Compliance with Laws and Regulations**

The Committee is responsible for reviewing regular reports from management and others (e.g. auditors) concerning the Company's compliance with financial related laws and regulations, such as:

(i) tax and financial reporting laws and regulations;

(ii) legal withholdings requirements;

(iii) environmental protection laws; and

(iv) other matters for which directors face liability exposure.

(h) **Related Party Transactions**

All transactions between the Company and a related party (each a "related party transaction"), other than transactions entered into in the ordinary course of business, shall be presented to the Committee for consideration.

The term "related party" includes (i) all directors, officers, employees, consultants and their associates (as that term is defined in the *Securities Act* (Ontario)), as well as all entities with common directors, officers, employees and consultants (each "general related parties"), and (ii) all other individuals and entities having beneficial ownership of, or control or direction over, directly or indirectly securities of the Company carrying more than 10% of the voting rights attached to all of the Company's outstanding voting securities (each "10% shareholders").

Related party transactions involving general related parties which are not material to the Company require review and approval by the Committee. Related party transactions that are material to the Company or that involve 10% shareholders require approval by the Board, following review thereof by the Committee and the Committee providing its recommendation thereon to the Board.

VIII. Non-Audit Services

All non-audit services to be provided to the Company or its subsidiary entities by the Company's auditor must be pre-approved by the Committee.

IX. Submission Systems and Treatment of Complaints

The Committee is responsible for establishing procedures for:

(a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and

(b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

The Committee is responsible for reviewing complaints and concerns that are brought to the attention of the Chair of the Audit Committee and for ensuring that any such complaints and concerns are appropriately addressed. The Committee shall report quarterly to the Board on the status of any complaints or concerns received by the Committee.

PROCEDURE FOR REPORTING OF FRAUD OR CONTROL WEAKNESSES

Each employee is expected to report situations in which he or she suspects fraud or is aware of any internal control weaknesses. An employee should treat suspected fraud seriously, and ensure that the situation is brought to the attention of the Committee. In addition, weaknesses in the internal control procedures of the Company that may result in errors or omissions in financial information, or that create a risk of potential fraud or loss of the Company's assets, should be brought to the attention of both management and the Committee.

To facilitate the reporting of suspected fraud, it is the policy of Company that the employee (the "whistleblower") has anonymous and direct access to the Chair of the Compensation Committee. The current Chair, Mr. George Lian, can be reached at 778-883-3982. Should a new Chair be appointed prior to the updating of this document, current Chair will ensure that the whistleblower is able to reach the new Chair in a timely manner. In the event that the Chair of the Compensation Committee cannot be reached, the whistleblower should contact the Chair of the Audit Committee. Access to the names and place of employment of the Company's Directors can be found in the Company's website.

In addition, it is the policy of the Company that employees concerned about reporting internal control weaknesses directly to management are able to report such weaknesses to the Committee anonymously. In this case, the employee should follow the same procedure detailed above for reporting suspected fraud.

X. Hiring Policies

The Committee is responsible for reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditor of the Company.

Updated by the Board on March 28, 2014.