



**MINCO** 明科银矿公司  
**SILVER CORPORATION**

**ANNUAL INFORMATION FORM**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

**DATED AS OF APRIL 1, 2009**

**Minco Silver Corporation  
Suite #2772, 1055 West Georgia Street,  
Vancouver, British Columbia,  
Canada V6E 3P3**

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## **FORWARD-LOOKING STATEMENTS**

Certain items in this report contain forward-looking statements regarding events, financial matters or trends that may affect the Company's future operating results and financial position. Such statements are subject to risk and uncertainties that could cause the Company's actual results and financial position to differ materially from those anticipated in the forward-looking statements. These risk factors include, but are not limited to, the fact that the Company is in the development stage, will need additional financing to develop its properties and will be subject to certain risks since its properties are located in China. These risk factors are set forth in more detail below under "Risk Factors."

## **CURRENCY**

All dollar amounts set forth in this Annual Information Form are expressed in Canadian dollars and referred to as "\$" unless otherwise specifically indicated. There are also references in this Annual Information Form to Chinese Renminbi ("RMB"). As at April 1, 2009, the closing rate for one Canadian dollar in RMB was C\$1.00 = 5.4054 RMB as reported by the Bank of Canada.

## **DOCUMENTS INCORPORATED BY REFERENCE**

The Company's technical report prepared by P&E Mining Consultants Inc. and entitled Amended and Revised Updated Technical Report dated December 2, 2007 (the "Updated P&E Technical Report") is hereby incorporated by reference in this Annual Information Form.

## **GLOSSARY OF TERMS**

<b>"757 Team"</b>	means the No. 757 Geo-Exploration Team of the Guangdong Geological Exploration Bureau, an entity owned and controlled by the Guangdong Geological Bureau of the PRC government.
<b>"757 Transfer Agreement"</b>	means the agreement dated November 19, 2004 between 757 Team and Minco China pursuant to which 757 Team agreed to transfer and sell to Minco China the Original Fuwan Silver Permit.
<b>"Additional Permits"</b>	means, collectively the Luoke-Jilinggang Permit, the Guyegang-Sanyatang Permit, the Guanhuatang Permit.
<b>"Amending Contract"</b>	means the contract dated January 10, 2006 between the Company and GGEDC.
<b>"Assignment Agreement"</b>	means the assignment agreement dated August 20, 2004 between the Company, Minco Gold, Minco China and Minco BVI.
<b>"Baojiang"</b>	means Foshan Baojiang Nonferrous Metals Corporation.
<b>"Changkeng JV Agreement"</b>	means the formal joint venture agreement dated September 28, 2004 between Minco Gold, GGEDC, Zhenjie, Baojiang and GD Gold.
<b>"Changkeng Permit"</b>	means the reconnaissance survey exploration permit (#T01120080102000011) which expires on September 10, 2009 in respect of the 1.19 km <sup>2</sup> Changkeng gold property in Gaoyao City of Guangdong Province in southern China.

<b>“Changkeng Property”</b>	means the 1.19 km <sup>2</sup> Changkeng gold property in Gaoyao City of Guangdong Province in southern China which adjoins the property underlying the Fuwan Silver Permit.
<b>“Company”</b>	means Minco Silver Corporation.
<b>“Dadinggang Property”</b>	means the small area within Luoke-Jilinggang Permit about 0.395 km <sup>2</sup> . This area is extended from the original Luoke-Jilinggang Permit in late 2006.
<b>“First Confirmation Agreement”</b>	means the confirmation agreement dated May 2, 2005 between Minco Gold, Minco China and Minco Silver.
<b>“Fuwan JV Agreement”</b>	means the formal joint venture agreement dated September 28, 2004 between the Company and GGEDC.
<b>“Fuwan Permits”</b>	means, collectively, the Fuwan Silver Permit and the Additional Permits.
<b>“Fuwan Property”</b>	means the Fuwan silver property which is located in Guangdong Province in southern China beside the Xijiang River consisting of the following three components: (i) the properties which are the subject of the Fuwan Silver Permit; (ii) the properties which are the subject of the Luoke-Jilinggang Permit and the Guyegang-Sanyatang Permit; (iii) the Guanhuatang exploration permit; and (iv) Minco Gold’s interests in the silver mineralization located on the Changkeng Property.
<b>“GD Gold”</b>	means Guangdong Gold Corporation.
<b>“GGEDC”</b>	means Guangdong Geological Exploration and Development Corp., an entity owned and controlled by the Guangdong Geological Bureau of the PRC government.
<b>“Guanhuatang Permit”</b>	means the reconnaissance survey exploration permit (# 0100000510045) in respect of the 37.38 km <sup>2</sup> Guanhuatang silver and multi-metals property in Foshan City of Guangdong Province issued to Minco China and having validity from April 7, 2005 to April 7, 2008.
<b>“IFS”</b>	means the 43-101 compliant International Feasibility Study (“IFS”) being conducted by Wardrop Engineering Inc. on the Fuwan Silver Project.
<b>“Luoke-Jilinggang Permit”</b>	means the reconnaissance survey exploration permit (# 0100000620526) in respect of the 75.76 km <sup>2</sup> Luoke-Jilinggang silver and multi-metals property in Gaoyao City, Zhaoqing City of Guangdong Province issued to Minco China and having validity from December 31, 2006 to April 7, 2008.
<b>“Minco BVI”</b>	means Minco Silver Ltd.
<b>“Minco China”</b>	means Minco Mining (China) Corporation.
<b>“Minco Gold”</b>	means Minco Gold Corporation (formerly “Minco Mining & Metals Corporation”).
<b>“Minco Silver”</b>	means Minco Silver Corporation.
<b>“MOLAR”</b>	means Ministry of Land and Resources.

<b>“Original Fuwan Silver Permit”</b>	means the reconnaissance survey exploration permit (# 440000040093) in respect of the 0.79 km <sup>2</sup> Fuwan silver property in Gaomong Region, Foshan City of Guangdong Province, legally conferred to 757 Team by Guangdong Department of Land and Resources on September 12, 2003.
<b>“Preliminary Changkeng JV Agreement”</b>	means the preliminary joint venture agreement dated April 16, 2004 between Minco Gold, GGEDC, Zhenjie and Baojiang.
<b>“Preliminary Fuwan JV Agreement”</b>	means the preliminary Fuwan joint venture agreement dated April 16, 2004 and amended August 18, 2004 between Minco BVI and GGEDC.
<b>“RMB”</b>	means the Chinese currency Renminbi.
<b>“Second Confirmation Agreement”</b>	means the confirmation agreement dated August 24, 2006 between Minco Gold, Minco China and Minco Silver.
<b>“Transfer Confirmation Agreement”</b>	means the confirmation agreement dated November 19, 2004 between 757 Team, GGEDC and Minco China.
<b>“Zhenjie”</b>	means Zhuhai Zhenjie Development Ltd.

## **CORPORATE STRUCTURE**

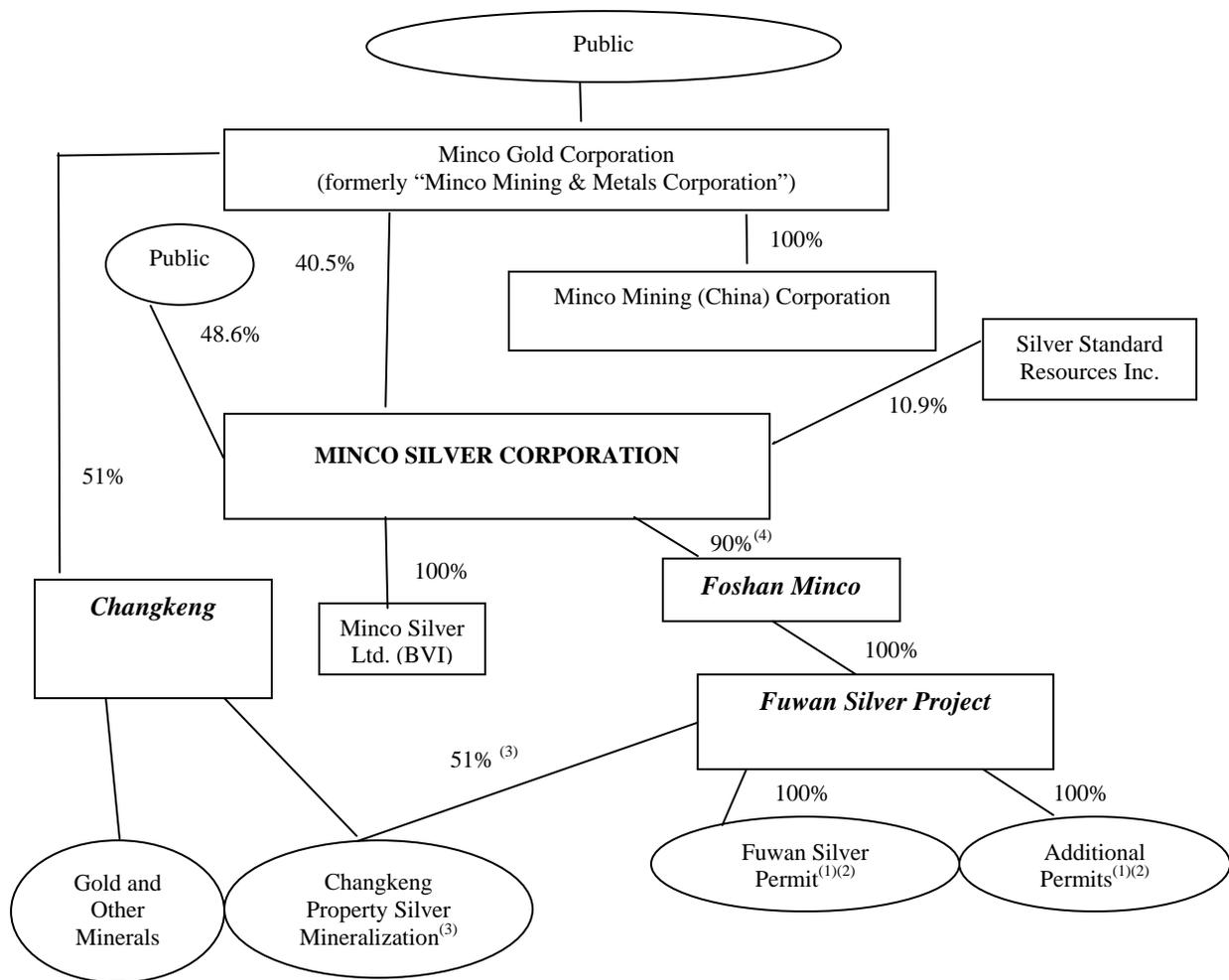
Minco Silver Corporation (“Minco Silver” or the “Company”) was incorporated on August 20, 2004 under the laws of the Province of British Columbia and its common shares trade on the Toronto Stock Exchange (“TSX”) under the trading symbol “MSV”. The Company commenced operations on October 1, 2004. Minco Silver is currently engaged in the identification, acquisition, exploration and development of precious metal projects in the People’s Republic of China (“PRC”).

The principal executive office and registered office of the Company is located at Suite #2772, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3P3, telephone number 604-688-8002, fax number 604-688-8030 and email address [info@mincosilver.ca](mailto:info@mincosilver.ca).

Minco Silver has two subsidiaries, Minco Silver Ltd., a British Virgin Island corporation (“Minco BVI”) and Minco Silver (US) Corporation, a Delaware, USA company.

### **Organizational Chart**

The following chart sets forth the Company’s corporate structure, including its significant subsidiaries, related parties and their jurisdictions of incorporation along with the various mineral interests held by each of them, as at the date of this Annual Information Form.



Notes to Inter-corporate Relationships:

- (1) The Fuwan Silver Permit and the Additional Permits have been issued to Minco China. Minco Silver and GGEDC agreed pursuant to the Amending Contract that, subject to the payment of the applicable purchase price, Minco Silver (through Minco China) holds a 100% interest in the Fuwan Permits, subject to GGEDC retaining a 10% net profit interest in the properties subject to the Fuwan Permits.
- (2) In July 2008, the Company incorporated Foshan Minco Fuwan Mining Co., Ltd. ("Foshan Minco") as the operating company for the Fuwan project. In December 2008, the exploration permits previously held by Minco China were successfully transferred to Foshan Minco.
- (3) Minco Silver's interest in the Changkeng Property relates to the assignment to it by Minco Gold of Minco Gold's right to earn up to a 51% interest in the Changkeng Property's silver mineralization pursuant to the Preliminary Changkeng JV Agreement.
- (4) Minco Silver currently has a 100% controlling interest in Foshan Minco and is responsible for all costs until such time as the property goes into production. After Minco Silver has been reimbursed for all of its invested capital, its ownership percentage in Foshan Minco will become 90% as per the original 10% profit share agreement with the GGEDC.

## **GENERAL DEVELOPMENT OF THE BUSINESS**

Minco Silver Corporation is a British Columbia corporation whose common shares trade on the Toronto Stock Exchange (“TSX”) under the trading symbol MSV. The Company was incorporated under the laws of the Province of British Columbia on August 20, 2004 and commenced operations on October 1, 2004. The principal executive office of the Company is located at Suite #2772, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3P3 telephone 604-688-8002. Through joint ventures with Chinese governmental entities, and others, the Company is engaged in the acquisition, exploration and development of precious metal projects in the People’s Republic of China.

Since inception, the Company’s focus has been on the exploration and development of its Fuwan Silver property located in southern China. (See “Description of the Business” below.)

At present, the company is conducting an International Feasibility Study on the Fuwan deposit. In the second quarter of 2008, it engaged the services of several companies to complete various portions of the report with the objective of allowing the company to decide on the next course of action for the deposit. It is anticipated that this report would be completed in the first half of 2009.

During 2008, the Company looked to expanded its’ property mineral assets and on July 10, 2009 the Company proposed to purchase all of the outstanding common shares of Sterling Mining Company (“Sterling”), a Silver producer engaged in the commercial production of a major silver mine (the “Sunshine Mine”) located in northern Idaho’s silver valley. On July 21, 2009 the Company executed a Letter of Intent (as amended, amended and restated) whereby the Company offered to amalgamate with Sterling by exchanging 0.51 of a Minco Silver share for each one of Sterling’s shares subject to an extensive due diligence investigation into Sterling’s operations.

As term of the Letter of Intent, the Company entered into a Credit Facility Agreement dated July 21, 2008 (the “Facility”) in which the Company agreed to lend to Sterling, from time to time, monies to meet general working capital and other operating expenses to carry on its business to a maximum amount of \$USD15,000,000. As a term of the Facility on July 30, 2008 the Company advanced to Sterling USD\$5,000,000 together with interest, legal fees, expenses, and charges (the “Loan”).

As Security for the Loan, Sterling executed in favour of the Company:

- a) Secured Promissory Note dated July 21, 2008 in which Sterling promises to pay the principle sum of five million dollars (\$5,000,000) to the order of Minco Silver by December 15, 2008;
- b) an All Assets Security Agreement in which Sterling granted to the Company a secured interest in Sterling’s present and future right, title, and interest in all personal and real property (the “Assets Agreement”) with the exception of a certain mining lease between Sunshine Precious Metals, Inc. and Sterling whereby Sunshine Precious Metals, Inc. leased to Sterling the Sunshine Mine (the “Sunshine Lease”);
- c) a Mortgage, Assignment of Leases and Rents, Security Agreement and Fixture Filing Agreement in which Sterling granted to Minco Silver a secured interest in all of Sterling’s property now or hereafter owned by Sterling (the “Mortgage”);
- d) an Environmental Indemnity Agreement in which Sterling Agrees to indemnify the Company from and against any and all liens, damages, losses, liabilities, obligations, settlement payments, penalties, claims, judgments, suits, proceedings, costs, disbursements or expenses of any kind which may at any time be imposed upon, incurred by or asserted against Minco Silver or any property

owned by Sterling, arising directly or indirectly from or out of release of any hazardous Substances or breach of any environmental laws; and

- e) an Assignment of Lease, Assumption Agreement where Sterling assigned to the Company all of Sterling's right, title and interest in, to and under the Sunshine Lease including all of the assets subject to the Sunshine Lease (the "Assignment").

On August 23, 2008 Minco Silver concluded its extended due diligence investigation into Sterling's business and operational activities and as a result, on August 27, 2009 Minco Silver exercised its right to terminate its obligation to purchase and merge with Sterling pursuant to the Letter of Intent and exercised its right to terminate its obligation to advance the additional USD\$10,000,000 pursuant to the Facility. As at the date of this Annual Information Form, the Loan remains due and outstanding.

No assurance can be given that commercially viable mineral deposits exist on any of the Company's properties. The Company has not generated cash flows from operations. These facts increase the uncertainty and risks faced by investors in the Company. For more information see "Risk Factors."

## **DESCRIPTION OF THE BUSINESS OF THE COMPANY**

### **Principal Mining Interests**

Minco Silver is engaged in the identification, acquisition, exploration and development of precious metal projects in the PRC. As described in detail below, the Company currently has interests in a number of silver exploration properties located in southern China, including (i) the properties which are the subject of the Fuwan Silver Permit; (ii) the properties which are the subject of the Luoke-Jilinggang Permit and the Guyegang-Sanyatang Permit; and (iii) the Guanhuatang exploration permit. In addition, Minco Gold has assigned to the Company a right to earn up to a 51% interest in the silver mineralization located on the Changkeng Property in southern China.

#### *Fuwan Silver Property*

On August 20, 2004, the Company, Minco Gold, Minco China and Minco BVI entered into an assignment agreement (the "Assignment Agreement") whereby Minco Gold, Minco BVI and Minco China assigned to the Company their respective interests in each of the following:

- a) the preliminary Fuwan joint venture agreement dated April 16, 2004 and amended August 18, 2004 (the "Preliminary Fuwan JV Agreement") between Minco BVI and the Guangdong Geological Exploration and Development Corporation ("GGEDC");
- b) the right to earn the 51% interest in the silver mineralization to be acquired by Minco Gold pursuant to the Changkeng JV Agreement; and
- c) certain additional exploration permits identified by and to be acquired by Minco China, namely the Additional Permits.

In consideration for the assignment of the foregoing interests, the Company issued 14,000,000 common shares to Minco Gold.

The Company and GGEDC entered into a formal joint venture agreement dated September 28, 2004 (the "Fuwan JV Agreement"), which replaced and superseded the Preliminary Fuwan JV Agreement. The Fuwan JV

Agreement provided for the establishment of a sino-foreign joint venture with limited liability to be known as “Guangdong Minco-Nanling Gold Co., Ltd.” (the “Fuwan JV”) which would serve as the vehicle through which the Fuwan JV would conduct further exploration and assess the economic viability of developing certain silver deposits.

In particular, the Fuwan JV Agreement contemplated the acquisition by the Fuwan JV of the Original Fuwan Silver Permit and the Additional Permits from No. 757 Geo-Exploration Team of Guangdong Geological Exploration Bureau (“757 Team”). The Fuwan JV Agreement provides for a total investment of 30 million RMB (the “Fuwan Total Investment”) and registered capital of 15 million RMB. The Fuwan Total Investment was to be funded by the Company as to 70% and by GGEDC as to 30%. The parties to the Fuwan JV Agreement agreed that their respective portions of the Fuwan Total Investment would be made in the following six instalments:

- a) within 15 days after the Fuwan JV is granted a business license and a foreign currency account number, GGEDC and Minco Silver shall contribute 2.1 million RMB and 4.9 million RMB, respectively;
- b) within 3 months after the approval of a contract in respect of the transfer of the Original Fuwan Silver Permit by relevant land and resources administration authorities (the “Contract Commencement Date”), GGEDC and Minco Silver shall contribute 1.2 million RMB and 2.8 million RMB, respectively;
- c) within 6 months after the Contract Commencement Date, GGEDC and Minco Silver shall contribute 1.2 million RMB and 2.8 million RMB, respectively;
- d) within 180 days after the first three instalments are paid, GGEDC and Minco Silver shall contribute 2.1 million RMB and 4.9 million RMB, respectively;
- e) within 540 days after the first three instalments are paid, GGEDC and Minco Silver shall contribute 1.2 million RMB and 2.8 million RMB, respectively; and
- f) within 720 days after the first three instalments are paid, GGEDC and Minco Silver shall contribute 1.2 million RMB and 2.8 million RMB, respectively.

The parties to the Fuwan JV Agreement also agreed that the Company would pay to the 757 Team an acquisition payment in the amount of 1.5 million RMB within 50 days of the Additional Permits being issued to Minco China.

On November 19, 2004, 757 Team and Minco China entered into an agreement (the “757 Transfer Agreement”) pursuant to which 757 Team agreed to transfer and sell to Minco China the Original Fuwan Silver Permit for consideration of 10.33 million RMB to be paid as follows:

- a) 40% within 30 days after the approval of the 757 Transfer Agreement by the relevant governmental authorities;
- b) 30% within 12 months after the transfer of the Original Fuwan Silver Permit; and
- c) 30% within 24 months after the transfer of the Original Fuwan Silver Permit.

On November 19, 2004, 757 Team, GGEDC and Minco China entered into a confirmation agreement (the “Transfer Confirmation Agreement”) which clarified that Minco China would transfer at cost the Original Fuwan Silver Permit to the Fuwan JV within one year after its receipt of the Original Fuwan Silver Permit pursuant to the 757 Transfer Agreement. The Transfer Confirmation Agreement also provided that any expenses incurred in connection with the transfer of the Original Fuwan Silver Permit would be borne by the Fuwan JV. Minco China also agreed there under to pre-pay, on behalf of the Fuwan JV, 80,000 RMB to 757 Team as an appraisal fee in respect of the Original Fuwan Silver Permit.

On April 7, 2005, Minco China applied the Additional Permits on behalf of the Fuwan JV from the government and paid 757 Team cooperation fees of 1.5 million RMB. The Louke-Jilinggang Permit and the Guyegang-Sanyatang Permit relate to properties surrounding the area underlying the Fuwan Silver Permit. The

Guanhuatang Permit relates to the property that does not form part of the Fuwan Property but is being held for possible future exploration.

On April 22, 2005, the application submitted by 757 Team and Minco China for the transfer of the Original Fuwan Silver Permit pursuant to the 757 Transfer Agreement was considered in accordance with all the state's requirements for a title transfer and approved by the Department of Land and Resources of Guangdong Province, thereby approving the transfer application.

On May 2, 2005, Minco Gold, Minco China and Minco Silver entered into a confirmation agreement (the "First Confirmation Agreement") pursuant to which, among other things, Minco China confirmed that it held the Additional Permits and the right to the Original Fuwan Silver Permit in trust for the Fuwan JV and that, upon the establishment of the Fuwan JV pursuant to the Fuwan JV Agreement and upon the written demand of the Fuwan JV, Minco China would transfer such permits to the Fuwan JV for no additional consideration. Minco Gold also agreed under the First Confirmation Agreement that it would ensure that Minco China remained a wholly-owned subsidiary of Minco Gold until such time as the permits were transferred to the Fuwan JV.

On July 20, 2005 the reconnaissance survey exploration permit (# 0100000520120) in respect of the 0.79 km<sup>2</sup> Fuwan silver property in Gaoming Region, Foshan City of Guangdong Province was issued to Minco China (the "Fuwan Silver Permit"), which replaced the Original Fuwan Silver Permit. It was renewed in 2007 and is now valid until July 20, 2009 under permit no. 0100000730293.

On September 26, 2005, the Ministry of Land and Resources of the PRC confirmed receipt of application from Minco China for an extension of Luoke-Jilinggang Permit which is adjacent to the property underlying the Fuwan Silver Permit. The Company received the renewed exploration permit including Dadinggang area which expires on April 7, 2008.

On January 10, 2006, the Company entered into a contract (the "Amending Contract") with GGEDC to amend the Fuwan JV Agreement. Pursuant to the Amending Contract, the Company and GGEDC agreed to not proceed with the establishment of the Fuwan JV. Rather, the Company agreed to be responsible for 100% of the exploration and development expenditures relating to the Fuwan Permits, including the entire 10.33 million RMB purchase price for the Fuwan Silver Permit. The parties confirmed that the purchase price (the "Fuwan Purchase Price") for the Fuwan Silver Permit would be paid by Minco Silver as follows:

- a) 40% within 30 days after the date on which approval of the 757 Transfer Agreement is obtained by the relevant governmental authorities (which date was July 20, 2005);
- b) 30% within 12 months after the transfer of the Original Fuwan Silver Permit (therefore by July 20, 2006); and
- c) 30% within 24 months after the transfer of the Original Fuwan Silver Permit (therefore by July 20, 2007).

As of the date of this Annual Information Form the Company has paid the total of approximately \$1.47 million (RMB 10.3 million) for the Fuwan Silver Permit.

Pursuant to the Amending Contract, upon satisfaction of the Fuwan Purchase Price, the Company held, through Minco China, a 100% interest in the Fuwan Permits, subject to GGEDC retaining a 10% net profit interest in the properties subject to the Fuwan Permits. GGEDC also agreed pursuant to the Amending Contract to provide certain services and technical support to the Company, including, for instance, (i) assisting in respect of the application for exploration permits; (ii) assisting in respect of the application for land titles and infrastructure permits; and (iii) facilitating contacts and relationships with government authorities.

On August 24, 2006, Minco Silver, Minco China and Minco Gold entered into a second confirmation agreement (the "Second Confirmation Agreement") pursuant to which the parties thereto confirmed, among other things, that Minco China holds the Fuwan Permits on behalf of and in trust for Minco Silver and that Minco Silver has

the sole authority to direct Minco China in the future as to any transfer or other transaction relating to the Fuwan Permits. Minco Gold and Minco China agreed in the Second Confirmation Agreement not to transfer, sell, pledge, grant security interests in, or otherwise encumber, in any manner whatsoever, the Fuwan Permits. In addition, Minco Gold agreed pursuant to the Second Confirmation Agreement not to transfer or sell any of its ownership or equity interest in Minco China or encumber its interest in any way if any of the foregoing, individually or in combination, would have the effect of Minco Gold holding at any point in time less than, on an actual or a fully-diluted calculation basis, a 75% unencumbered ownership interest in Minco China. Likewise, Minco China agreed pursuant to the Second Confirmation Agreement not to enter into any agreement or grant any option or right for the purchase, sale, transfer or issuance of any ownership or equity interests in Minco China if any of the foregoing, individually or in combination, would have the effect of Minco Gold holding at any point in time less than, on an actual or a fully-diluted calculation basis, a 75% unencumbered ownership interest in Minco China.

In July 2008, the Company incorporated Foshan Minco Mining Co., Ltd (“Foshan Minco”) and Foshan Minco received its business licence. In December 2008, the Ministry of Land and Resources approved the transfer of the exploration permits from Minco China to Foshan Minco.

As at the date of this Annual Information Form, the Fuwan Property is comprised of (i) the properties which are the subject of the Fuwan Silver Permit, the Luoke-Jilinggang Permit and the Guyegang-Sanyatang Permit, each of which are held by Foshan Minco; and (ii) Minco Gold’s interests in the silver mineralization located on the Changkeng Property.

#### *Changkeng Property*

On April 16, 2004, Minco Gold, GGEDC, Zhuhai Zhenjie Development Ltd. (“Zhenjie”) and Foshan Baojiang Nonferrous Metals Corporation (“Baojiang”) entered into a preliminary joint venture agreement (the “Preliminary Changkeng JV Agreement”) to explore and develop the mineral property underlying the Changkeng Permit. The target mineral on the Changkeng Property is gold but the property is known to also contain silver mineralization.

On August 20, 2004, the Company, Minco Gold, Minco China and Minco BVI entered into the Assignment Agreement whereby Minco Gold, Minco BVI and Minco China assigned to the Company their respective interests in, among other things noted above, Minco Gold’s right to earn up to a 51% interest in the Changkeng Property’s silver mineralization pursuant to the Preliminary Changkeng JV Agreement.

The Preliminary Changkeng JV Agreement was superseded by a formal joint venture agreement dated September 28, 2004 (the “Changkeng JV Agreement”) made among the original four parties to the preliminary joint venture agreement and a fifth company, Guangdong Gold Corporation (“GD Gold”). The Changkeng JV Agreement provides for the establishment of a sino-foreign joint venture with limited liability (the “Changkeng JV”) to explore and develop non-ferrous and precious metals resources. The Changkeng JV Agreement provides that the total investment of the Changkeng JV (the “Changkeng Total Investment”) will be 100 million RMB and that the registered capital of the Changkeng JV will be 50 million RMB. The contribution proportions of the parties to the Changkeng JV Agreement are as follows: GGEDC - 19%; Minco Gold - 51%; Zhenjie - 18%; Baojiang - 10%; and GD Gold - 2%. To earn a 51% equity interest in the Changkeng JV, Minco Gold must contribute 51 million RMB of the Changkeng Total Investment in six instalments.

The Company’s conditional interest in the silver mineralization underlying the Changkeng Permit is dependent upon Minco Gold acquiring and maintaining an interest in the Changkeng Permit in accordance with the terms of the Changkeng JV Agreement or in some other fashion. In the event that Minco Gold does not obtain an interest, or loses or alienates any or all of its interest, in the Changkeng Permit, the Company’s potential interest in the silver mineralization underlying the Changkeng Permit will be lost.

As at the date of this Annual Information Form, a business license has been granted to Guangzhou Mingzhong Mining Co. Ltd. (“Mingzhong”), a cooperative joint-venture established among Minco Mining (China) Co. Ltd. (“Minco China”), Guangdong Geological Exploration and Development Corporation (“GGEDC”), and two private Chinese companies to jointly explore and develop the Changkeng Gold Property. Under the terms of the agreement, Minco China, a wholly owned subsidiary of Minco Gold, has the right to earn a 51% equity interest in Changkeng with a total contribution of RMB 51 million (approx. US \$7.1 million). The other shareholders will contribute RMB 49 million (approx. US \$6.8 million) for their 49% equity interest in Mingzhong.

Mingzhong has signed a purchase agreement to buy a 100% interest in the exploration permit (the “Changkeng Exploration Permit”) on the Changkeng Gold Property from 757 Geo-Exploration Team of Guangdong Geological Exploration Bureau (“757 Exploration Team”). Total purchase price (the “Purchase Price”) is appraised to be RMB 49 million (approx. US \$6.8 million), payable in three instalments within two years. The Ministry of Land and Resources of China has approved the Purchase Price and the transfer of the Changkeng Exploration Permit from 757 Exploration Team to Mingzhong. The first instalment of RMB 19 million was made in December 2008.

The Changkeng JV was set up in early 2007. The Permit was transferred to the JV in early 2008 and now expires on September 10, 2009.

Minco Gold has agreed pursuant to the Second Confirmation Agreement to take all commercially reasonable steps to obtain as quickly as possible and to maintain, at least a 51% interest in the mineral exploration rights to the Changkeng Property (including the rights to the silver mineralization), either by means of a joint venture or otherwise, and to provide Minco Silver with the exclusive right to earn a 51% interest in the silver mineralization relating to the Changkeng Property.

### **The Silver Standard Agreement**

The Company, Minco Gold and Silver Standard Resources Inc. (“Silver Standard”) entered into a strategic alliance agreement dated October 4, 2004 (the “Silver Standard Agreement”). The Silver Standard Agreement provides that Minco Gold shall acquire silver-dominant projects in China only through Minco Silver and that all silver-dominant projects located in China that are brought to the attention of Minco Gold shall be referred to Minco Silver. The Silver Standard Agreement further provides that Silver Standard shall not actively explore for or seek out silver-dominant projects located in China but shall be entitled to acquire interests in silver-dominant projects located in China that are brought to its attention on an unsolicited basis. In the event a silver-dominant property is brought to the attention of either Minco Gold or Minco Silver and Minco Silver determines not to acquire an interest in the property, Minco Gold or Minco Silver, as the case may be, shall provide Silver Standard with the opportunity to acquire an interest in that property prior to providing the opportunity to third parties. Similarly, in the event that a silver-dominant property is brought to the attention of Silver Standard and Silver Standard determines not to acquire an interest in that property, Silver Standard shall provide Minco Silver with the opportunity to acquire an interest in that property prior to providing the opportunity to third parties. The Silver Standard Agreement further provides that on and after Minco Silver becoming a reporting issuer in Canada or registered in the United States or so long as management of Minco Silver is provided by Minco Gold, management of Minco Silver shall nominate for election as directors of Minco Silver five persons - two of whom shall be representatives of Minco Gold, one of whom shall be a representative of Silver Standard and two of whom shall be independent of Minco Gold and Silver Standard.

As shareholders of the Company, each of Minco Gold and Silver Standard agreed to vote their shares of the Company to elect as directors of the Company the representatives of Minco Gold and Silver Standard nominated by Minco Silver’s management. The Company and Minco Gold share one common director - Ken Z. Cai. In addition, the Silver Standard Agreement provides Silver Standard with the entitlement, at its sole election, to participate in all future offerings of common shares of Minco Silver to maintain its interest at 30% of the issued and outstanding shares of Minco Silver or increase its interest to up to 30% of the issued and outstanding shares

of Minco Silver. This preferential purchase right will expire ten years from the date of the Silver Standard Agreement.

### **Marketing Plan and Strategies**

The Company's goal is to become a leading foreign silver mining company in China. Minco Silver has established strong ties with Chinese governmental bureaus and also with Chinese mining enterprises. The Company's senior management has in-depth experience with the intricacies of Chinese mining laws, and permitting and licensing procedures. The Company's goal is to build a portfolio of high-quality properties in China, as well as maintaining strategic relationships with premier mining enterprises in China.

### **Employees and Premises**

The Company currently shares 48 employees with Minco Gold, of which 8 employees are located in Vancouver, British Columbia and the other 40 are located in China. The Company has allocated funds to recruit additional consultants to assist with exploration programs on its properties in China. The Company believes its current premises will provide adequate space for expansion over the next three years.

## **DESCRIPTION OF MINERAL PROPERTIES**

The information in this section has been derived from and is based on the assumptions, qualifications and procedures set out in the Updated P&E Technical Report prepared under the supervision of Eugene Puritch, P.Eng of P&E Mining Consultants Inc. ("P&E"), a mining services consulting company retained by the Company, and Tracy Armstrong, P.Geo, who was retained as a consultant by P&E. Each of the foregoing individuals is a "qualified person" for purposes of NI 43-101 and independent of the Company.

The Mineral Resource estimates contained in the Technical Report are based on CIM standards. The following is the executive summary from the Updated P&E Technical Report. In addition, the Updated P&E Technical Report has been specifically incorporated by reference into this Annual Information Form. Defined terms and abbreviations used herein and not otherwise defined shall have the meanings ascribed to such terms in the Updated P&E Technical Report. See "Documents Incorporated By Reference".

### **Executive Summary**

The Fuwan Property is located in Guangdong Province in the southern portion of the People's Republic of China ("PRC"), 45 kilometres southwest of Guangzhou, the capital city of Guangdong and 2 kilometres northwest of the town of Fuwan, population 30,000.

The Fuwan Property is comprised of (i) the properties which are the subject of the Fuwan Silver Permit, the Luohe-Jilinggang Permit and the Guyegang-Sanyatang Permit, each of which are held by Minco China in trust for and on behalf of Minco Silver; and (ii) Minco Gold's interests in the silver mineralization located on the Changkeng Property. Minco China holds a fourth permit, the Guanhuatang Permit, in trust for Minco Silver but the resource estimate for the Fuwan Property described in the Technical Report does not include the Guanhuatang property.

The Changkeng Gold and Fuwan Silver Deposits are 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. Known precious and base metal occurrences and deposits occur predominantly along the margins of the 550 km<sup>2</sup> basin.

The major structural control of the Changkeng Gold and Fuwan Silver Deposits 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 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. Silver mineralization also occurs in the second-order faults.

The Changkeng Gold and Fuwan Silver Deposits fall into the broad category of sediment hosted epithermal deposits. At the Changkeng Gold Deposit gold mineralization occurs as lenticular bodies in the brecciated Triassic clastic 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. The Fuwan Silver Deposit is characterized by vein and veinlet mineralization within zones of silicification. The predominant sulphide minerals are sphalerite and galena with lesser pyrite, and rare arsenopyrite, chalcopyrite and bornite. The deposit is poor in gold (typically < 0.2 ppm.).

The greatest volume of silver mineralization lies within the brecciated and silicified fault zone in Zone 1 (lying completely within the fault plane) and Zone 2 (lying partially within the fault plane). Zones 3, 4, 5, and 6 are situated entirely within the footwall; along planar fractures in the limestone. Zone 7 is located in the Luzhou Area, which is along strike to the south west of the main Fuwan Silver Deposit. Zone 8 is located in the Jilenggang Area lying across the Xijiang River, along strike north east of the main Fuwan Silver Deposit. Preliminary metallurgical test work was carried out by the Guangdong Institute of Mineral Utilization in 1995. Bench scale flotation tests producing a bulk concentrate and a preferential concentrate were performed. The bulk test resulted in a concentrate with recoveries of 94.1% for Ag, 90.1% for Pb and 90.4% for Zn.

Additional results may be obtained from the Company's news releases which are located on the Company's website.

## **Resource Estimate**

The Company retained the services of P & E Mining Consultants Inc. to prepare an updated Technical Report on behalf of Minco Silver Corporation under the guidelines of Canadian National Instruments 43-101 on the Fuwan Silver Project. The Company filed the 43-101 Report on January 24, 2008 via SEDAR.

On May 12, 2008, P&E Mining Consultants Inc. completed an updated resource estimate for the Fuwan Silver Deposit taking into consideration the Phases 1 to 6 drilling programs including the drilling activity in the Changkeng license area. The purpose of this resource estimate was to expand the indicated resources for inclusion in the ongoing IFS on the Fuwan Silver property.

Diamond drill data from a total of 422 holes was used for the resource calculation. These programs were conducted on a 60m x 60m diagonal spacing within the existing 80m x 80m rectangular drill grid spacing. These recent drilling programs were designed primarily for the upgrading of inferred resources to the indicated classification. The Fuwan Silver Deposit remains open along strike to the southwest and up and down its relatively flat dip to the northwest and southeast.

Resource Estimate @ 40 g/t 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
<b>Total Indicated</b>	<b>15,975,000</b>	<b>182</b>	<b>93,503,000</b>	<b>0.20</b>	<b>0.20</b>	<b>0.57</b>
Fuwan Permits Inferred	10,241,000	171	56,147,000	0.26	0.26	0.72
Changkeng Permits Inferred **	1,049,000	212	7,136,000	0.29	0.37	0.86
<b>Total Inferred</b>	<b>11,290,000</b>	<b>174</b>	<b>63,283,000</b>	<b>0.26</b>	<b>0.27</b>	<b>0.73</b>

\* 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, 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 mineral resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005.

### **Minco Silver's Exploration Programs**

As of the date of this Annual Report, the Company completed drilling programs that include 260 drill holes for a total of 69,074 metres over both the Fuwan Silver Deposit and the surrounding regional area. In 2008, the Company completed a drilling program of 89 holes (68 holes in the Fuwan Silver Deposit and 18 holes in the surrounding regional area) for a total of 25,497 metres. The programs were carried out in six phases as discussed below.

Samples were prepared and assayed at PRA Kunming lab (Process Research Associated Ltd.) with supervision of a certified BC assayer. Silver was assayed with fire assay and AAS or gravimetric finish. Assay results were further checked at PRA's Vancouver lab as an external check. Samples have also been sent to ASL Chemex Laboratories in Guangzhou, Guangdong Province, PRC for additional check analysis. Reference materials were inserted by Minco staff geologists as a further assay control.

#### **Phase I Program**

A Phase I drilling program at the Fuwan Silver Deposit commenced on December 1, 2005 and was completed in late March 2006. The program was designed to upgrade the resource estimate and to explore along the southwest strike direction toward Luzhou and Dieping and the southeast dip direction of the main Fuwan Silver Deposit.

Nine diamond drill holes with a total footage of 2,435 metres were drilled. The drilling program was commissioned to two contractors, Sinorex Drilling Company and 757 Exploration Team. Three rigs were used for this on-going drilling program. For specific drill results please refer to news releases and technical reports filed on [www.sedar.com](http://www.sedar.com) or the Company's website.

The Company implemented a complete quality assurance/quality control program for the Phase I and II diamond drill programs. The quality control program consisted of shipping samples in batches of 17 samples, to which was added 1 certified reference material sample, 1 duplicate sample and 1 blank sample.

The certified reference material ("CRM") fell within acceptable limits for seven of the eight batches in Phase I. The batch six CRM had a relative error of -29.71% when compared with the CRM recommended value.

Duplicate samples for 12 core pairs and 107 pulp pairs were examined for precision. There were too few core duplicate pairs for any statistical representation but the precision (error) on the pulp duplicate pairs was within the norm at less than 10%.

### **Phase II Program**

Phase-II program, comprised of 8,100 metres in 24 holes, focused on resource expansion in dip and strike directions by step out and infill drilling over the areas with strong and continuous silver mineralization between Line 11 and 43 and Line 3 and 20 defined in Phase I program. 23 holes were designed as either step out or infill holes with purpose to delineate the boundary of major ore zones and upgrade the resource category and 3 twin holes were designed to test the data from holes drilled by the 757 Exploration Team. By the end of September 2006, 25 holes were completed and the last hole was abandoned in early October because of mechanical problems. Assay results for the 25 holes have been received and interceptions of silver mineralization are summarized in the Company's news release on [www.sedar.com](http://www.sedar.com).

### **Phase III Program**

A 7,850.32m infill drilling program was conducted as Phase III program at Fuwan silver project from the middle October 2006 to the middle of January 2007. 30 holes were drilled and the density of drilling grid over the major silver zone has been increased to 80X80m. Detailed results are available on the Company's website and/or on [www.sedar.com](http://www.sedar.com),

Two concentration areas of silver ore zone were identified from Line 39 to 15 and from Line 4 to 16 respectively. One sector occurs between Line 39 and 15 and is 500m in length with a maximum width of 400m. 29 holes were drilled over this sector and significant mineralization was intersected in 25 holes. Mineralization within this sector characterized with higher grade, good thickness and good continuity. The sector is still open to the south. The other sector is located between Line 4 and 16 and is 250m in length with a maximum width of 300m. All 14 holes drilled over this sector have intersected mineralization zones with thickness from 1 to 15.85m. The sector is still open to the southeast.

### **Phase IV Program**

Phase IV drilling program was completed in late June 2007 with a total of 41 drill holes drilled for 10,776.16 meters. These numbers do not include two hydrogeological holes. The Phase IV drill holes were drilled in the area which is known as the SW initial mining area which locates between Line 39 and 15. The density of drilling grid over the major silver zone has been increased to 60X60m. Detailed results for the Phase IV drilling program are available on the Company's website or at [www.sedar.com](http://www.sedar.com).

## **Phase V Program**

Phase V drilling was completed in late September, 2007 with a total of 23 holes being drilled for 5,468.9 metres. These numbers do not include two hydrogeological holes. The Phase V drill holes were drilled in the area which is known as the NE initial mining area which locates between Line 1 to 16. The density of drilling grid over the major silver zone has been increased to 60X60m. Detailed results for the Phase V drilling program are available on the Company's website or at [www.sedar.com](http://www.sedar.com).

## **2008 Drilling Programs**

- The Phase VI program primarily consisted of step-out drilling designed to expand the resource. 89 drill holes for a total of 25,497 metres were completed during 2008. The program was to further test the silver mineralization within the Fuwan property and attempt to extend the known mineralization to the southwest and southeast respectively. Step-out drilling was also planned to potentially further extend the known mineralization down-dip and along strike of the Fuwan trend. Drill spacing for the Phase 6 program varied from 40 x 80 meters to 160 x 160 meters.
- Condemnation drilling was also a part of the Phase VI drilling program. It was initiated in 2008 and two drill holes for a total of 571 meters were completed. Condemnation drilling is planned for the proposed mill site from the Conceptual Site Layout prepared by SRK Consulting. This area will be tested for mineralization and major structures, and will provide data for future mill design considerations. The two drill holes completed to date did not reveal any mineralization within the tested area.
- Feasibility Study metallurgical drilling program – the purpose of this program was to take coarse material for abrasion tests from intersections which are typical for the main mineralized zones of the deposit. Two PQ size drill holes have been completed for a total of 445 metres.
- Regional exploration program – the program was designed to test the major drilling targets on the extension of the Fuwan Silver Trend which were generated on the basis of all historical data and results of the ground magnetic and IP surveys completed in the second quarter of 2008. Eighteen holes totalling 5,003 metres have been completed to date.
- Feasibility Study verification drilling program – this program was designed to verify existing geologic interpretation and confirm continuity of mineralized zones in the NE initial mining area. The program was proposed by Wardrop Engineering as a part of the IFS on the Fuwan Silver property. Five drill holes for a total of 1,007 metres were completed in September 2008.

Detailed results for the Phase VI drilling program are available on the Company's website or at [www.sedar.com](http://www.sedar.com).

## **Metallurgical Program**

Minco Silver released the results of initial metallurgy testing on material representative of the mineralization at the Fuwan silver project on September 17, 2007. The work was carried out by Process Research Associates (PRA) of Vancouver and included options of gravity separation, cyanidation, and flotation. As a basis for the test work, 400 kilograms of representative material of the Fuwan deposit was taken from drill core and pulp rejects from the drill core to form three samples. These included a sample from Zone 1, a sample from Zone 2, and a composite sample prepared from Zone 1 and 2 samples.

Following a series of "open cycle" tests using different grind sizes and a variety of reagents, it was found that a simple flow sheet using conventional flotation and standard reagents provided encouraging recoveries.

Subsequent "locked cycle" flotation tests on the composite sample have resulted in overall recoveries for silver from lead and zinc concentrates of 97.9%. In addition, good results were obtained for other contained metals with recoveries of 97.9% for zinc, 94.0% for lead, and 77.4% for gold.

Results of the Locked Cycle Test for the composite sample are as follows:

Composite Sample	Grades				Recoveries			
	Au g/t	Ag g/t	Zn %	Pb %	Au %	Ag %	Zn %	Pb %
Head Grade	0.20	244.5	1.16	0.28	-	-	-	-
Lead Concentrate	2.6	9325.1	1.51	7.79	44.7	86.0	3.3	90.1
Zinc Concentrate	2.18	1,473.60	49.85	0.38	32.7	11.9	94.6	3.9
Total Recovery	-	-	-	-	77.4	97.9	97.9	94.0

Other results completed by PRA during the metallurgical testing included a determination of the Bond ball-mill index. Based on a closed screen size of 200 microns, this was calculated to be 17.8kWh/tonne. The Fuwan ore is therefore judged to be of average hardness.

Further details are available on the Company's website or at [www.sedar.com](http://www.sedar.com).

### Preliminary Economic Assessment

Minco Silver released the results of a Preliminary Economic Assessment ("PEA") on October 22nd, 2007. The report was completed by independent engineering firm SRK Consulting and concluded that the Fuwan Silver Project, based on available information, was technically and economically viable as an underground mining operation. As such, SRK recommended that Minco Silver advance the project to a pre-feasibility/feasibility level to improve project confidence. To improve project confidence SRK provided a series of recommendations that included, amongst other things, a requirement for further investigations.

The PEA was based on the resource estimates prepared by P & E Mining Consultants Inc that incorporated of Minco Silver's drilling results up to and including the phase 3 drilling program completed in January, 2007, and did not take into account the Phase IV or V programs. Further, the mineralization that lies within the Changkeng permit was not included (51% ownership of 8.0 million tonnes yielding 4.1 million tonnes inferred, averaging 142 g/t Ag, for an additional 18.7 million ounces of silver).

Some key assumptions made in the PEA included:

- Cut-off grade of 50g/t.
- Drift and Fill Mining Method was considered appropriate.
- 90% recovery and 12% dilution.

Silver price of US\$12.11/troy oz based on average Shanghai Gold Exchange (SGE) silver price during the 2005-August 2007 period less 13% Value Added Tax (VAT); Gold price of US\$624.57 troy oz. based on average SGE gold price over the 2005-August 2007 period; US\$0.67/lb for lead and US\$1.30/lb for zinc based on average LME prices during the August 2005-August 2007 period. Selected highlights of the PEA are summarized below:

- Mine ore production will initially be 1,500 tpd, ramping up to 2,500 tpd by the start of the second production year and thereafter operating 330 days/yr.
- A base case mine life of 12 years
- Average annual silver production of 4.9 million ounces
- Cash cost per ounce of silver US\$ 2.40
- After tax IRR 38% and NPV US\$ 113.3 million @ 8% annual discount rate
- Assumption of pre-production capital costs of US\$ 56.9 million
- Payback of pre-production capital in 1.7 years from the start of production

A Summary of the PEA base case assessment is provided below:

Items		Value
Pre-production capital cost	US\$M	56.9
Sustaining Capital cost	US\$M	18.2
Total revenue	US\$M	712.8
Total operating cost	US\$M	312.8
Total tonnage mined	Mt	9.7
Cash operating cost	US\$/t milled	29.02
Cash operating cost	US\$/ oz silver produced	\$2.40
Total silver production	M oz	58.8
Total project cash flow	US\$M	320.9
Income tax payable	US\$M	79.8
Royalty payable	US\$M	26.0
Total net after-tax cash flow	US\$M	241.1
NPV@ 8% annual discount rate	US\$M	113.3
NPV@ 10% annual discount rate	US\$M	94,3
NPV@ 12% annual discount rate	US\$M	78,4
Internal rate of return	%	38
Payback period for pre-production capital cost	Year	1.7

## Sensitivity Analysis

The project cash flow is sensitive to silver price, operating cost, capital cost, and other variables. As may be expected, the price of silver is the most sensitive since about 80% of the projected revenue is from silver.

Silver price sensitivity, as assessed in the PEA, is provided in the table below:

Silver Value (US\$/troy oz)	NPV@8% (US\$M)	IRR (%)
7.00	18	14
8.00	37	19
9.00	55	24
10.00	74	29
11.00	93	33
12.00	111	38
13.00	130	42
14.00	149	46
15.00	167	49
16.00	186	53

The complete PEA is available at [www.sedar.com](http://www.sedar.com).

## Hydrogeological Program

Minco Silver released the results of a Hydrogeology Report on December 4th, 2007. Independent engineering firm SRK Consulting (“SRK”) was contracted in July 2007 by the Company to provide hydrogeological services to support those being provided by Minco Silver's local consultants, the 757 Exploration Brigade Team.

Based upon the available data, important conclusions from the report include the following:

- **Initial testing, done to date, at the Fuwan Silver Deposit has not indicated that excessive water inflow would be encountered during mine development.**
- **Testing done to date indicates that the Xijiang River appears to be poorly connected hydraulically with the proposed underground mine envelope in the areas tested.**
- **These conclusions need to be verified by further testing as the project progresses.**

SRK has also included a number of recommendations. These involve advancing the structural understanding of the area together with further drilling to confirm the presence of interpreted faults, brecciated zones, and unconformities that may influence the planned mining zones. As well, additional pump test holes will be drilled to further test the aquifer and to monitor ground water and multi-strata inflows over both short and long terms. Once mine development has been initiated, standard precautions including probe drilling ahead of advancing faces, installation of bulkheads, and geochemical monitoring for tracer elements in the water are recommended.

18 hydro-geological test holes have been drilled to test the connectivity of the various structures in place at Fuwan. Pumping tests from open holes have returned varying inflow rates from 0.25m<sup>3</sup>/day to 1,300m<sup>3</sup>/day (0.003 L/s to 15 L/s) with varying related drawdowns in each test hole.

As outlined in the recent PEA, completed by SRK, the proposed mining area is located approximately 600 m west of the Xijiang River, and 600 m south of the Changkeng Ditch and is contained within an envelope between sections 43W and 16E. Exploration drilling indicates that mining will proceed in a southwest direction away from the river.

## **International Feasibility Study (“IFS”)**

In the second quarter of 2008, the Company signed contracts with the following companies to advance the IFS:

- Guangdong Nuclear Institute (GDNI): responsible for the Regulatory EIA report required by the Chinese authorities which is a critical report required for the advancement of the permitting process.
- Environmental Resource Management (ERM): responsible for the environmental aspects of the IFS to ensure compliance to International standards.
- Nerin Engineering: A Chinese Class A engineering company responsible for basic engineering and costing for the IFS.
- Wardrop Engineering: An engineering company responsible for the overall IFS including mining and process design.

Significant progress was made during 2008 and mine planning and process engineering are well advanced. Currently, the process flow sheet is nearing completion and surface infrastructure sites are being finalized. Mine planning, surface layout, and development and production schedules are progressing well.

Additional metallurgical tests to optimise the initial work completed for the Preliminary Economic Assessment in October of 2007 were also initiated. Minco Silver received a comprehensive metallurgical report on Fuwan samples from the Beijing General Research Institute of Mining & Metallurgy. The results confirmed initial work carried out by Process Research Associates with overall recoveries of silver, using conventional flotation, reported as above 96%. Recoveries for lead and zinc were above 95%.

## **Environmental Impact Assessment**

Environmental aspects of the IFS are being compiled by Environmental Resources Management ("ERM") and will be prepared in accordance with International Finance Corporation and World Bank standards.

To satisfy Chinese regulatory requirements, Guangdong Nuclear Design Institute ("GNDI") has been contracted to complete the Chinese environmental impact assessment which is nearing completion. GNDI is working closely with ERM to cover all necessary aspects for national and international environmental acceptance.

## **Permitting**

The Company has made solid progress in permitting on the Fuwan Silver Deposit during 2008. Reports completed and in progress are summarized below:

The Exploration Report on the Fuwan Silver Deposit has been accepted and approved by the Ministry of Land and Resources ("MOLAR") in Beijing.

The Chinese Preliminary Feasibility Study was completed by Changsha Non-Ferrous Mine Design Institute and approved by an expert panel.

The reserve/resource has been registered and received approval from Guangdong Bureau of Land and Resources and MOLAR in Beijing.

The mining area application was approved by Gaoming county, Foshan district, and the Guangdong provincial government. MOLAR's approval is pending.

The Soil and Water Conservation Plan is nearing completion.

The Safety Assessment and Geological Hazard Assessment are well advanced.

The Land Usage application is being prepared for submission.

Additionally, the Gaoming county government granted official approval for the development of the project. Upon completion and approval of all required reports, the application for the mining permit will be filed with MOLAR in Beijing.

By the end of 2008, a draft report from GDNI had been submitted to the Guangdong environmental protection agency for comment. Following this, the institute modified its remaining work to address any concerns. Nerin had progressed the basic engineering to a point where requests for quotation could be initiated in order to commence compiling the capital cost. Wardrop Engineering had completed the processing plans and the mining plan was near completion. ERM were in the final stages of completing their scoping report (a draft EIA report).

## **BACKGROUND TO MINING IN CHINA**

### **General Background**

China is the world's fourth-largest country, after Russia, Canada and the United States, with an area of over 9,596,960 square kilometres. The population of China is estimated at approximately 1.3 billion people.

Industry is the most important sector of the economy of the China, accounting for 52.9 percent of its gross domestic product ("GDP") in 2004. The mining industry accounted for an estimated 6 percent of the national industrial output in 2004. Services accounted for 33.3 percent and agriculture accounted for the remaining 13.8 percent of GDP in 2004. In 2003, agriculture accounted for 49 percent of employment, while industry employed 22 percent and services 29 percent, with the mining industry employing more than 20 million people. Since 1978, China has been moving from a planned economy to a more open, market-oriented system, with the result that the economic influence of privately owned enterprises and foreign investors has been steadily increasing. The result of this economic development has been the quadrupling of GDP since 1978.

Agricultural output doubled in the 1980s, and industry has posted major gains, especially in coastal provinces, where foreign investment has helped spur output of both domestic and export goods. Growth has not been without setbacks, as issues such as inflation, excessive capital investment, inefficient state owned enterprises and banks, and deterioration in the environment have periodically caused the State to backtrack, re-tightening central controls from time to time.

The Chinese legal system is comprised of written statutes and the interpretation of these statutes by the People's Supreme Court. The *General Principles of the Civil Law of the PRC* has been in effect since January 1, 1987. Continuing efforts are being made to improve civil, administrative, criminal and commercial law especially since China's accession into the WTO. This includes the development of laws governing foreign investment in China, including a regime for sino-foreign cooperative joint ventures and increased foreign participation in mineral resource exploration and mining.

### **Foreign Investment**

Direct foreign investment in China usually takes the form of equity joint ventures ("EJVs"), co-operative joint ventures ("CJVs") and wholly foreign-owned enterprises. 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 a 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.

The profits, losses and risks of the EJV are shared by the parties in proportion to their respective contributions to the registered capital. There are also rules and regulations governing specific aspects of EJVs or FIEs, including capital contribution requirements, debt-equity ratio, foreign exchange control, labour management, land use and taxation. Unlike an EJV, a CJV may be, but need not be, incorporated as a separate legal entity. The relationship between the parties is contractual in nature. The rights, liabilities and obligations of the parties are governed by the CJV contract, as is each party's share of the goods produced or profits generated. A CJV is considered a legal person with limited liability if it is incorporated as a separate legal entity.

The establishment of FIEs requires the approval of various Chinese government authorities. Generally, the approval authority is determined on the basis of the total amount of investment involved and the location of the project in question. The State Council must approve restricted foreign invested projects having an investment of US\$100 million or more, encouraged and permitted foreign investment projects having an investment of US\$500 million or more. Subject to the above, the State Development and Reform Commission and the Ministry of Commerce are authorized by the State Council to approve foreign investment projects under restricted catalogue having an investment of US\$50 million or more, and foreign investment projects under the encouraged or permitted catalogue having an investment of US\$100 million or more.

Provincial authorities are authorized to approve projects less than the above thresholds under various catalogues. However, companies which conduct exploration or mining will be required to obtain the approval of the Ministry of Commerce as required by doc. 70 issued by the State of Council in 2000.

### **Co-operative Joint Ventures**

Cooperative joint ventures ("CJVs") are a form of foreign direct investment in China and are governed by the *Law of the PRC on Sino-foreign Cooperative Joint Ventures* (implemented in 1988 and revised in 2000) and the *PRC Sino-foreign Cooperative Joint Venture Law Implementing Rules* (implemented in 1995) (collectively the "CJV Law"). Foreign investment in mining in China may also take the form of sino-foreign equity joint ventures or wholly foreign owned enterprises. The CJV Law permits a CJV to choose to operate as a "legal person" by forming a limited liability company, subject to approval by relevant governmental authorities.

In that case, the limited liability company owns all of the CJV's assets, and the liabilities of the investor are limited as provided in the cooperative joint venture contract entered into between them. The CJV Law requires investors in a CJV to make an investment or other contribution, which may take the form of cash, material, technology, land use rights, or other property rights. Investors must satisfy their contribution obligations within the time frame prescribed by their joint venture contract subject to applicable PRC regulations.

Failure to satisfy contribution obligations by investors may lead to penalty and even to the business license being revoked by the governmental authorities. Profits of a CJV are distributed as agreed by investors in the CJV contract and distributions need not be proportionate to each investor's contributions. The CJV contract also determines how liquidation proceeds are to be distributed when the CJV contract is terminated.

### **Government Regulations of Mineral Resources and Ownership**

Exploration for and exploitation of mineral resources in China is 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 being referred to herein as the “Mineral Resources Law”). Under the Mineral Resources Law, the Ministry of Land and Resources (“MOLAR”) is charged with supervision nationwide of mineral resources prospecting and development.

The mineral resources administration authorities of provinces, autonomous regions and municipalities, under the jurisdiction of the State, are charged with supervision of mineral resources prospecting and development in their respective administration areas. The people’s governments of provinces, autonomous regions and municipalities, under the jurisdiction of the State, are charged with coordinating the supervision by the mineral resources administration authorities on the same level. The Mineral Resources Law, together with the *Constitution of the PRC*, provides that mineral resources are owned by the State, and the State Council, the highest executive body of the State, regulates mineral resources on behalf of the State. The ownership of the State includes the rights to: (i) occupy, (ii) use, (iii) earn, and (iv) dispose of, mineral resources, regardless of the rights of owners or users of the land under which the mineral resources are located. Therefore, the State is free to authorize third parties to enjoy its rights to legally occupy and use mineral resources and may collect resource taxes and royalties pursuant to its right to earn. In this way, the State can direct and regulate the development and use of the mineral resources of China.

### **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 and October 31, 2007 (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 mining industries, “encouraged” projects include the exploration and mining of coal (and its derived resources), iron, manganese, copper and zinc minerals, etc. “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 however, 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 be no more than three years. The Exploration Permit area 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 the licensee meets 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*.

## **Mining Rights**

Holders of mining rights, or “concessionaires”, are granted licenses to mine for maximum terms of 10 to 30 years, based on magnitude of the mining project. The concessionaires may extend the term of a mining license with an application at least 30 days prior to expiration of the term. The user fee for the mining right is equal to RMB 1,000 per square kilometre per year. Where there is any prior State investment in or State sponsored geological work conducted on a mineral property, the State must be compensated based on the assessed value of the State input before mining rights can be granted. Concessionaires enjoy the rights, among others, to: (i) conduct mining activities during the term and within the mining area prescribed by the mining license, (ii) sell mineral products (except for mineral products that the State Council has identified for unified purchase by designated units), (iii) construct production and living facilities within the mine area, and (iv) use the land necessary for production and construction, in accordance with applicable law. Concessionaires are obliged to, among other things: (i) conduct mine construction or mining activities within a defined time period, (ii) conduct efficiently production, rational mining and comprehensive use of the mineral resources, (iii) pay resources tax and mineral resources compensation (royalties) pursuant to law, (iv) comply with State laws and regulations regarding labour safety, water and soil conservation, land reclamation and environmental protection, (v) be subject to the supervision and management from both the departments in charge of geology and mineral resources, and (vi) complete and present mineral reserves forms and mineral resources development and use statistics reports, according to applicable law.

## **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 provincial or local level, as the case may be. An Exploration Permit may only be transferred if the transferor has: (i) 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) a valid and subsisting Exploration Permit, (iii) completed the stipulated minimum exploration expenditure, (iv) paid the user fees and the price for prospect rights pursuant to the relevant regulations, and (v) obtained the necessary approval 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 has: (i) commenced production for no less than one year, (2) a valid and subsisting Mining Permit without title dispute, and (iii) 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 Administration of Environmental Protection 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 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.

## **Chinese-Foreign Co-Operative Joint Ventures**

### *Legal Framework*

Each of the various joint venture entities through which the Company may carry out business in China has been or will be formed under the laws of China as a sino-foreign co-operative joint venture enterprise and is or will be a legal person with limited liability. All joint ventures entered into, or to be entered into, by the Registrant must be approved by both the Ministry of Commerce (“MOC”) and the State Development and Reform Commission (“SDRC”) in Beijing or their provincial bureaus.

The establishment and activities of each of the Company’s joint venture entities are governed by the law of the People’s Republic of China on sino-foreign co-operative joint ventures and the regulations promulgated thereunder (the “China Joint Venture Law”). As with all sino-foreign co-operative joint venture enterprises, the Company’s joint venture enterprises will be subject to an extensive and reasonably well-developed body of statutory law relating to matters such as establishment and formation, distribution of revenues, taxation, accounting, foreign exchange and labour management. On January 1, 1997, an amendment to the Mineral Resources Law of China became effective. Among other things, the amended law deals with foreign ownership of Chinese mines and mineral rights, and allows, under some circumstances, the transfer of exploration rights and mining rights.

Pursuant to this law, new regulations were made effective on February 12, 1998. The MOLAR, administers a new computerized central mineral title registry established in Beijing, which has streamlined the application for exploration and mining permits. Under existing laws, in order to form a mining joint venture, foreign companies always complete two levels of agreements. In general, the first level of agreement is a letter of intent or a memorandum of understanding, which sets forth broad areas of mutual co-operation.

The second level of agreement is a joint venture contract that sets out the entire agreement among the parties and contemplates the establishment of a “Chinese Legal Person,” a separate legal entity. Before a joint venture

can be created, an assessment or feasibility study of the proposed joint venture must be prepared and approved by the SDRC or its provincial bureau. Therefore, upon completing a co-operation agreement, the parties prepare a feasibility study of the proposed joint venture and submit this feasibility study to the SDRC for the project verification, the granting of which depends upon whether the proposed project broadly conforms to the economic policy issued by the government and any prescribed regulations.

Upon receiving this approval in principle, the parties then negotiate and prepare a joint venture contract and submit it to the MOC, or its provincial bureaus, which approves the specific terms of all joint venture contracts between Chinese and foreign parties. Within one month after the receipt of a certificate of approval from MOC, a joint venture must register with the State Administration of Industry and Commerce (the "SAIC"). Upon registration of the joint venture, a business license is issued to the joint venture. The joint venture is officially established on the date on which its business license is issued. Following the receipt of its business license, the joint venture applies to the MOLAR to approve and grant to the joint venture its exploration permits and/or mining licenses.

### **Governance and Operations**

Governance and operations of a sino-foreign cooperative joint venture enterprise are governed by the Chinese joint venture law, the parties' joint venture agreement and by the articles of association of each joint venture entity. Pursuant to relevant Chinese laws, certain major actions of the joint venture entity require unanimous approval by all of the directors present at the meeting called to decide upon actions, such as amendments to the joint venture agreement and the articles of association; increase in, or assignment of, the registered capital of the joint venture; a merger of the joint venture with another entity; or the termination and dissolution of the joint venture enterprise.

### **Term**

Under the joint venture agreement, the parties will agree to a term of the joint venture enterprise from the date a business license is granted. However, the term may be extended with the unanimous approval of the board of directors of the joint venture entity and the approval of the relevant Chinese governmental entities.

### **Employee Matters**

Each joint venture entity is subject to the Chinese employment laws and regulations. In compliance with these laws and regulations, the management of the joint venture enterprise may hire and discharge employees and make other determinations with respect to wages, welfare, insurance and discipline of its employees. Generally, in the joint venture agreement, the standard of salary, social welfare insurance and traveling expenses of senior management will be determined by the board of directors of the joint venture entity. In addition, the joint venture will establish a special fund for enterprise development, employee welfare and incentive fund, and a general reserve. The amount of after-tax profits allocated to the special funds is determined at the discretion of the board of directors on an annual basis.

### **Distributions**

After provision for a reserve fund, an enterprise development fund and an employee welfare and incentive fund, and after provision for taxation, the profits of a joint venture enterprise will be available for distribution to the Company and its other shareholders, such distribution to be authorized by the board of directors of the joint venture entity.

## **Assignment of Interest**

Under joint venture agreements and the Chinese Joint Venture Law, any assignment of an interest in a joint venture entity must be approved by the relevant governmental authorities. The China Joint Venture Law also provides for pre-emptive rights and consent of the other party for proposed assignments by one party to a third party.

## **Liquidation**

Under the Chinese Joint Venture Law and joint venture agreements, the joint venture entity may be liquidated in certain limited circumstances including the expiry of its term or any term of extension, inability to continue operations due to severe losses, failure of a party to honour its obligations under the joint venture agreement and articles of association in such a manner as to impair the operations of Chinese governmental entities and force majeure.

## **Resolution of Disputes**

In the event of a dispute between the parties, attempts will be made to resolve the dispute through consultation. This is the practice in China and the Company believes that its relationship with Chinese governmental entities is such that it will be able to maintain a good working relationship with respect to the operations of its joint venture enterprises. In the absence of a friendly resolution of any dispute, the parties may agree that the matter will be settled by an arbitration institute. The parties may jointly select an arbitration institution to resolve disputes in the joint venture contract if it has been stated in the joint venture contract or when the dispute is raised. Awards of the arbitration institute are enforceable in accordance with the laws of China by Chinese courts. In the absence of a valid arbitration agreement, both parties or either party may decide to resort to Chinese courts to resolve disputes between the parties over the terms of the joint venture contract.

## **Expropriation**

The Chinese Joint Venture Law also provides that China generally will not nationalize and requisition enterprises with foreign investment. However, in special circumstances where demanded by social public interest, enterprises with foreign investment may be requisitioned by legal procedures, but appropriate compensation will be paid.

## **Division of Revenues**

Revenues derived from operating joint ventures, once all necessary agreements, permits and licenses are obtained, will be divided between the Company and the entities which are parties to the joint venture according to the terms of each individual joint venture, which terms will vary from project to project. The Company will be subject to various taxes on its revenues.

## **RISK FACTORS**

In addition to the other information presented in this Annual Information Form, you should consider the following risk factors carefully in evaluating the Company and its business.

### **Limited Operating History**

The Company has no history of earnings and there are no known commercial quantities of mineral reserves on the Company's property. Accordingly it is not possible to predict when, if at all, the Company will generate revenues or income from its operations.

### **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.

All of the properties in which the Company has an interest or a right to acquire an interest are in the exploration stages only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. 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.

### **No Assurance of Production**

Mineral exploration is highly speculative in nature, involves many risks, and frequently does not lead to the discovery of commercial reserves of minerals. While the rewards can be substantial if commercial reserves of minerals are found, there can be no assurance that the Company's past or future exploration efforts will be successful, that any production there from will be obtained, or that any such production which is attempted will be profitable.

## **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 when and 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.

## **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 accident, 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 Renminbi (RMB) denominations. The government of the PRC 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.

## **Future Financing**

The Company has limited financial resources and has 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 favourable. 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.

## **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.

## **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 affect on the Company and its prospects. The Company has not purchased any "key-man" insurance with respect to any of its directors or officers to the date hereof. The loss of any key officer of the Company could have an adverse impact on the Company, its business and its financial position.

## **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 and Minco Gold.

In addition, Garnet Clark serves as Chief Financial Officer and Dwayne Melrose serves as VP, Exploration respectively with both the Company and Minco Gold. 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.

### **Fluctuating Mineral 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.

### **Title to Material Mining Properties and Nature of the Company's Mining Interests**

The Company does not have title to any resource properties. Rather, Foshan Minco is the registered holder of the Fuwan Permits.

In addition, Minco Gold assigned to Minco Silver its right under the Preliminary Changkeng JV Agreement to acquire up to a 51% interest in the silver mineralization underlying the Changkeng Permit. There is no guarantee that Minco Gold and its other joint venture partners will be able to fund the Changkeng JV. If Minco Gold loses or alienates any or all of its interest in the Changkeng Permit, the Company's interest in the silver mineralization underlying the Changkeng Property will be lost. Therefore, the Company's interest in the silver mineralization in the Changkeng Property is entirely dependent upon Minco Gold acquiring and maintaining an interest in the Changkeng Property. In the event that Minco Gold ceases to make its proposed investment contributions to the Changkeng JV, its interest in the joint venture, and by definition, Minco Silver's interest in the silver mineralization of the Changkeng Property, would be subject to dilution or even termination. Moreover, the Company will be required to satisfy certain payments in order to earn an interest in the silver mineralization underlying the Changkeng Property. If such payments are not made by the Company (or any related party) in a timely manner, then the Company's potential interest in the Changkeng Property's silver mineralization could be lost.

The Changkeng Permit expired on September 10, 2006. The Changkeng Permit was renewed and expires on September 10, 2009. While the Changkeng Permit currently only specifically references the gold resource on the Changkeng Property, Minco Silver understands that the holder of the Changkeng Permit is entitled to submit to the PRC mining authorities in due course a comprehensive utilization plan in respect of all of the mineral resources on the Changkeng Property.

### **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.

## **Risk Related to Doing Business in China**

Various matters that are specific to doing business in China may create additional risks or increase the degree of such risks associated with the Company's activities. These risks are discussed below.

### *PRC 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 PRC. Likewise, the Company's operations in the PRC are currently conducted through and with the assistance of Minco China, 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 PRC. The economy of the PRC has traditionally been a planned economy, subject to five-year and annual plans adopted by the state, which set down national economic development goals. Since 1978, the PRC has been moving the economy from a planned economy to a more open, market-oriented system. The economic development of the PRC is following a model of market economy under socialism. Under this direction, it is expected that the PRC will continue to strengthen its economic and trading relationships with foreign countries and that business development in the PRC 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 PRC will not be changed. A change in policies by the PRC could adversely affect the Company's interests in China by changes in laws, regulations or the interpretation thereof, confiscatory taxation, restrictions on currency conversion, imports and sources of supplies, or the expropriation of private enterprises.

In order to conduct exploration and development of mineral deposits in the PRC, resource companies are required to obtain licenses and permits from the relevant authorities in the PRC, including a business license which authorizes companies to carry on business in the PRC. The business license of Minco China is subject to an annual review process pursuant to which it must pass annual inspections of the Administration for Industry and Commerce in the PRC. As a result, if Minco China does not pass its annual review it will not be authorized to carry on business in the PRC which may adversely affect the Company's interests in the Fuwan Property. The Company believes that it and Minco China are operating in compliance with all applicable rules and regulations.

The purpose set out in Minco China's articles of association includes, among other things, the application of advances and appropriate exploration and mining technology and scientific methods to develop mine exploration and development software and technology, improve exploration precision and accuracy, and to reduce exploration risks.

Minco China's scope of business according to its articles of association includes, among others, the exploration of mineral deposits, development of exploration technology, and the development of software for mine exploration and development. However, Minco China's approved business scope contained in its business licence does not clearly state that Minco China is approved to conduct exploration and mining business because Minco China has not obtained the approval from the Ministry of Commerce for its exploration and mining business. Minco China has applied to amend the scope of its business to more clearly include mining exploration and development. Minco China's application has been approved by the Beijing Metropolitan Department of Commerce and is subject to the final approval of the Ministry of Commerce. While Minco China expects that its business scope application will be approved, no guarantee can be given that the Ministry of Commerce approval will ultimately be obtained.

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.

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 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 PRC involve various Chinese state-sector entities, including the GGEDC and 757 Team, whose actions and priorities may be dictated by government policies, instead of purely commercial considerations. Additionally, companies (such as Minco China) with a foreign ownership component operating in the PRC 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.

#### *PRC 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 PRC are expected to be governed by Chinese law and some may be with Chinese governmental entities. The PRC 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 PRC judiciary is relatively limited, and (ii) the interpretation of PRC 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 PRC, 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 would have a material adverse impact on the Company.

Many tax rules are not published in the PRC, and those that are published can be ambiguous and contradictory, leaving a considerable amount of discretion to local tax authorities. PRC currently offers tax and other preferential incentives to encourage foreign investment. However, the tax regime of the PRC 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 its operating results and financial condition.

#### *Environmental Considerations*

Although the PRC 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.

The Company believes that there are not 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 Minco China, GGEDC, the 757 Team or any other party in respect of the Fuwan 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.

#### *Reliability of Information*

While the information contained herein regarding the PRC has been obtained from a variety of sources, including government and private publications, independent verification of this information is not available and there can be no assurance that the sources from which it is taken or on which it is based are wholly reliable.

#### *Title to Properties*

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 licences in China. While commitments to transfer or issue required permits and licences may have been made by the relevant statutory bodies, the transfer or issuance of any such licenses must be in accordance with PRC law and in particular the relevant mining legislation.

Conditions imposed by the PRC government as well as PRC mining legislation generally must also be complied with. No assurances can be given that these tenures will be granted to the Company through Minco China, or if they are granted, that the Company, through Minco China, will be in a position to comply with all conditions that are imposed. Furthermore, while it is common practice that permits and licenses may be renewed or transferred into other forms of licenses appropriate for ongoing operations, no assurance can be given that a renewal or a transfer will be granted to the Company, through Minco China, or, if they are granted, that the Company, through Minco China, will be in a position to comply with all conditions that are imposed.

Management of the Company believes that reasonable measures have been taken to ensure that the Fuwan Permits have been duly approved by and registered with all relevant authorities in the PRC in accordance with the laws and regulations in effect at the time such contributions were made and that Minco China is the registered owner of the Fuwan Permits. However, no legal opinion has been obtained as of the date of this Annual Information Form concerning the land, assets, permits and licenses relating to the properties over which the Company, through Minco China, has or may acquire an interest.

The Fuwan Silver Permit was renewed until July 20, 2009. The Company has received the exploration permit in respect of the Dadinggang Property which covers the northeast extension of the Fuwan Silver Deposit, which expires on April 7, 2008. While the Company will, with the assistance of Minco China, take all steps necessary or possible to renew these permits, there is no guarantee that such renewal attempts will be successful.

To the knowledge of the Company, none of the property interests underlying the Fuwan Permits have been surveyed to establish boundaries. There can be no assurance that any governmental authority in the PRC could not significantly alter the conditions of or revoke the applicable exploration or mining authorizations held by the Company through Minco China or that the Company's interest in such properties, through Minco China 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 PRC.

### *Government Regulation of Mineral Resources and Ownership*

Ownership of land in China remains with the States and the State, at the national, regional and local levels, is extensively involved in the regulation of exploration and mining activities. Transfers of exploration and mining rights are also subject to governmental approval. Failure or delays in obtaining necessary approvals could have a materially adverse affect on the financial condition and results of operations of the Company. Nearly all mining projects in the PRC require government approval. There can be no certainty that any such approvals will be granted (directly or indirectly) to Minco China in a timely manner, or at all.

### **DIVIDENDS**

All of the common shares of the Company are entitled to an equal share in the dividends declared and paid by the Company. There are no restrictions in the Company's articles or elsewhere which could prevent the Company from paying dividends; however, the Company has not paid any dividends since incorporation and it is not contemplating that any dividends will be paid in the immediate future. The directors of the Company will determine when, if any, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Company's financial position at that time.

### **DESCRIPTION OF CAPITAL STRUCTURE**

#### **Share Capital**

As of April 2, 2009 the Company's has 32,118,490 common shares issued and outstanding. There are a total of 4,779,834 stock options granted to directors, officers, employees, and contractors and zero warrants outstanding for a fully diluted total of 36,918,324 common shares.

#### **Description of Share Capital**

The Company has an unlimited amount of common shares authorized without par value. There is one class of shares only. The holders of common shares are entitled to one vote for each share on all matters to be voted on by the shareholders. At the annual general meeting of the Company, every member present in person or represented by proxy shall have one vote for each share of which such member is the registered shareholder. As at the date of this Annual Information Form, 32,118,490 common shares are issued and outstanding.

Voters of the common shares are entitled to one vote per share on all matters that may be brought before them. Holders of the common shares are entitled to receive dividends when declared by the board of directors from funds legally available for that purpose. The common shares are not redeemable, have no conversion rights and carry no pre-emptive or other rights to subscribe for additional shares. The outstanding common shares are fully paid and non-assessable.

## **MARKET FOR SECURITIES**

Since December 2, 2005, the Company's common shares have been listed on the Toronto Stock Exchange. The following table sets forth the reported monthly high and low prices and trading volumes of the Company's common shares on the Toronto Stock Exchange for the most recently completed financial year (January 2, 2008 to December 31, 2008).

<b>2008</b>	<b>TSX (\$) High</b>	<b>TSX (\$) Low</b>	<b>Volume</b>
December 2008	1.43	0.35	2,024,100
November 2008	0.65	0.30	744,700
October 2008	1.13	0.33	921,200
September 2008	1.79	0.70	863,100
August 2008	2.78	1.60	846,400
July 2008	3.45	2.59	274,300
June 2008	3.80	3.12	896,400
May 2008	4.00	3.71	565,700
April 2008	3.55	2.99	546,300
March 2008	4.15	3.01	878,600
February 2008	4.19	3.50	1,501,500
January 2008	3.75	2.50	816,700

The Company files reports and other information with the Canadian regulatory authorities on SEDAR. Copies of these filings are located by accessing their respective website at [www.sedar.com](http://www.sedar.com).

## **ESCROWED AND POOLED SECURITIES**

As at the date of this Annual Information Form, no shares of the Company are held in escrow or are subject to a pooling agreement.

## DIRECTORS AND OFFICERS

### Name, Address, Occupation and Security Holding

The following table sets forth the name, municipality and province of residence, position held with the Company, principal occupation and number of common shares of the Company beneficially owned for each person who is a director or executive officer of the Company. Each director's term of office expires at the next annual general meeting of shareholders. At such meeting, each current director is seeking re-election.

Name, Municipality and Province of Residence and Position with the Company <sup>(7)</sup>	Principal Occupation <sup>(7)</sup>	Director/Officer Since	Number of Commons Shares Held <sup>(2)(3)</sup>
<b>Dr. Ken Z. Cai</b> <sup>(6)</sup> Vancouver, B.C. Chief Executive Officer and Director	Director, CEO and President of Minco Gold Corporation (formerly "Mining & Metals Corporation"); CEO, President and Director of Minco Base Metals Corporation from May, 2007 to present; Chairman, CEO and Director of Pacific Link Mining Corp. from 2001 to present; Director of East Energy Corp. from August, 2005 to present and past Acting President from January 2006 to July, 2006; Director of Linear Metals Corporation from July, 2006 to present; Director and President of Aquasol Envirotech Ltd. from March 2000 to present; Director of Dragon Pharmaceuticals Inc. from September 1998 to January 2005.	August 20, 2004	Nil <sup>(4)</sup>
<b>William Meyer</b> <sup>(6)(1)</sup> Vancouver, B.C. Director	Director and Chairman of the Board, of Minco Gold Corporation (formerly "Mining & Metals Corporation") from July 1999 to July 2007. Director of Minco Base Metals Corporation from November, 2007 to present.	August 20, 2004	Nil
<b>Dwayne Melrose</b> Beijing, China VP, Exploration	VP, Exploration for Minco Gold Corporation from May 2007 to present; Director of Minco Gold Corporation from July, 2007 to present ;VP, Exploration for Minco Silver Corporation from May 2007 to present; Director and VP, Exploration of Minco Base Metals Corporation from November 15, 2007 to present; Exploration Manager for Kumtor Operating Company (subsidiary of Cameco Corp) from 1998 to 2007; Project Geologist for Cameco Corp./ Cameco Gold Inc. from 1986 – 1998.	May, 2007	Nil

Name, Municipality and Province of Residence and Position with the Company <sup>(7)</sup>	Principal Occupation <sup>(7)</sup>	Director/Officer Since	Number of Commons Shares Held <sup>(2)(3)</sup>
<b>Kenneth McNaughton</b> <sup>(1)(6)</sup> Vancouver, B.C. Director	Vice President, Exploration of Silver Standard Resources Inc. from 1999 to present; Vice President, Exploration of Canplats Resources Corporation from 1999 to present; Exploration Manager of Silver Standard Resources Inc. from 1991 – 1999.	June 26, 2007	Nil
<b>Chan-Seng Lee</b> <sup>(1)(6)</sup> Vancouver, B.C. Director	Chartered Accountant; Currently Assistant Vice-President – Finance and Administration of Partnerships British Columbia Inc. from December 2004 to present; Chief Financial Officer of CML Global Capital Ltd. from 2002 to 2004; Controller of CML Global Capital from 1999 to 2002; Officer of Consolidated Properties Ltd. from 2003 to 2004;	December 10, 2004	Nil
<b>Garnet Clark</b> <sup>(6)</sup> Edmonton, Alberta Chief Financial Officer	Chief Financial Officer of Minco Gold Corporation (formerly “Minco Mining & Metals Corporation”) from October 2007 to present; Chief Financial Officer of Minco Silver Corporation from October 2007 to present; Chief Financial Officer of Minco Base Metals Corporation from October 2007 to present; Chief Financial Officer and Vice-President, Finance of East Energy Corp. from August, 2007 to present, Chief Financial Officer of Pacific Link Mining Corp. from October, 2007 to present; Vice-President, Oil & Gas Operations for Sherritt International Corp, 2006 – 2007; Chief Financial Officer and Vice President, Finance of Luscar Energy Partnership.	October 10, 2007	Nil
<b>Chris Zahovskis</b> <sup>(2)</sup> Twassessan B.C. Chief Operation Officer	Mr. Zahovskis was appointed as the Company's Chief Operating Officer in July 2008. Mr. Zahovskis graduated from Queen's University, Canada with a degree in Mining Engineering and brings over 28 years experience in the mining industry. Mr. Zahovskis worked with Cominco Limited from 1980 to 1997 in progressively senior roles at many of Cominco's operations. He was most recently Vice President, Operations for a junior mining company.	July 23, 2008	NIL
<b>Jin (Fiona) Zhou</b> <sup>(6)</sup> Vancouver, B.C. Controller	Controller of Minco Gold Corporation (formerly “Mining & Metals Corporation”) from October 2004 to present; Controller of Minco Base Metals Corporation from November 15, 2007 to present.	October 19, 2004	Nil

## **Notes:**

- (1) Current member of the Audit Committee of the Company.
- (2) Common shares beneficially owned, directly and indirectly, or over which control or direction is exercised, at the date hereof, based upon the information furnished to the Company by individual directors and officers. Unless otherwise indicated, such shares are held directly. These figures do not include shares that may be acquired on the exercise of any share purchase warrants or stock options held by the respective directors or officers. In addition to the shares disclosed in the table, the directors and officers also hold incentive stock options to purchase additional common shares of the Company, as follows: 612,500 options are held by Dr. Ken Cai; 375,000 options are held by William Meyer; 150,000 options are held by Dwayne Melrose; 200,000 options are held by Kenneth McNaughton; 225,000 options are held by Chan-Seng Lee; 150,000 options are held by Garnet Clark; 300,000 options are held by Chris Zahovskis; and 45,834 options are held by Jin (Fiona) Zhou.
- (3) The directors, nominees, officers and other members of management of the Company, as a group, beneficially own, directly or indirectly, 2,058,334 common shares of the Company, including options to purchase common shares. In addition, Minco Gold Corporation and Silver Standard Resources Inc., companies which have common directors and officers with the Company, hold a further 16,518,310 common shares (see footnotes (4) and (5) below). In aggregate, these shares represent approximately 51% of the total issued and outstanding common shares of the Company.
- (4) Dr. Ken Cai is a Director and senior officer of Minco Gold Corporation which holds 13,000,000 Common Shares of the Company representing approximately 40.5% of the total issued and outstanding common shares of the Company.
- (5) William Meyer is a Director and Kenneth McNaughton is Vice President, Exploration of Silver Standard Resources Inc. which holds 3,518,310 Common Shares of the Company representing approximately 10.9% of the total issued and outstanding common shares of the Company.
- (6) Resident of Canada
- (7) The information as to country of residence and principal occupation, not being within the knowledge of the Company, has been furnished by the respective directors individually.

The following is a brief description of the background of each of the above individuals.

### **Dr. Ken Z. Cai, *Chairman, Chief Executive Officer and Director***

Dr. Cai has been the Chief Executive Officer and a director of Minco Silver since August 2004 and the President, Chief Executive Officer and a director of Minco Gold Corporation (formerly “Minco Mining & Metals Corporation”) since February 1996. Mr. Cai is also a director, President and CEO of Minco Base Metals Corporation from May 2007 to present. Dr. Cai holds a Ph.D. in mineral economics from Queens University in Kingston, Ontario. Dr. Cai, a Chinese national now living in Canada, has 20 years' experience in mineral exploration, project evaluation, corporate financing and company management. He has been the driving force behind the Company and responsible for negotiating the property agreements in China. He has a wide range of high-level contacts in the Chinese mining communities and this has allowed Minco to access data on a large number of projects throughout China.

Dr. Cai serves as a director and/or officer of the following publicly-traded companies: Minco Gold Corporation, a TSX listed company (Director, President and CEO); Pacific Link Mining Corp., a TSX Venture listed company (Director and Chairman); Linear Metals Corporation (Director) a TSX Venture listed company and East Energy Corp. (formerly “Gobi Gold Inc.”), a TSX Venture listed company (Director). Dr. Cai has not entered into a non-competition or non-disclosure agreement with the Company and is 43 years of age. It is anticipated that Dr. Cai will spend approximately 40% of his time on the affairs of the Company.

### **William Meyer, *Director***

William Meyer has been a director of Minco Silver since August 2004. Mr. Meyer served as a director and Chairman of Minco Gold Corporation (formerly “Minco Mining & Metals Corporation”) from July 1999 until July, 2007. Mr. Meyer graduated from the University of British Columbia in 1962 with a B.Sc. in Geology. After graduation, he was employed as an exploration geologist with Phelps Dodge Corporation of Canada and,

later, as senior geologist with Gibraltar Mines Ltd. In 1967, he joined the consulting firm of Western Geological Services as a partner and in 1975 formed his own consulting firm, W. Meyer and Associates.

Mr. Meyer joined Teck Exploration Ltd., the wholly-owned exploration subsidiary of Teck Corporation, in 1979 as Exploration Manager for Western Canada and the United States. In 1991, he was appointed President of Teck Exploration Ltd. From November 1993 to April 1998, Mr. Meyer held the position of Vice-President, Exploration with Teck Corporation (now Teck Cominco Ltd.) responsible for the direction of exploration activities for Teck Corporation and its associated companies worldwide.

Mr. Meyer is a member of the Association of Professional Engineers of British Columbia, the Canadian Institute of Mining & Metallurgy, the Prospectors & Developers Association of Canada and the Association for Mineral Exploration British Columbia. Mr. Meyer serves as a director and/or officer of the following publicly-traded companies: Minco Base Metals Corporation, a B.C. company (Director); Silver Standard Resources Inc., a TSX and NASDAQ listed company (Director); Trans America Industries Ltd., a TSX Venture listed company (Director); New Cantech Ventures Inc., a TSX Venture listed company (Director); GGL Diamond Corp., a TSX Venture listed company (Director); and Lysander Minerals Corporation, a TSX Venture listed company (Director). Mr. Meyer has not entered into a non-competition or non-disclosure agreement with the Company and is 70 years of age. It is anticipated that Mr. Meyer will spend approximately 35% of his time on the affairs of the Company.

**Kenneth McNaughton, *Director***

Mr. McNaughton has been a director of Minco Silver since June, 2007. Mr. McNaughton has served as Vice President, Exploration of Silver Standard Resources Inc. since July, 1991. Before joining Silver Standard, he worked as a contract engineer for Oretch Engineering working on exploration programs for three bulk mineable gold or copper/gold deposits in Arizona and British Columbia. From 1984 to 1989, he was employed by Corona Corporation and its affiliate Mascot Gold Mines Ltd., as a project geologist and engineer for projects in British Columbia. Mr. McNaughton earned a B.A. Sc and M.S. Sc. in geological engineering in 1981 and 1983, respectively, from the University of Windsor.

**Chan-Seng Lee, *Director***

Chan-Seng Lee has been a director of Minco Silver since December 2004. He is presently the Assistant Vice-President – Finance and Administration for Partnerships British Columbia Inc., a corporation which serves the public interest by analyzing, structuring and implementing innovative partnerships to build and maintain public infrastructure in British Columbia. Prior to that he was the Chief Financial Officer of CML Global Capital Ltd. (“CML”), an international investment firm and an officer of Consolidated Properties Ltd. (“COP”), a commercial real estate company. CML and COP were both publicly listed companies on the Toronto Stock Exchange at the time of Mr. Lee’s involvement.

Mr. Lee is a Chartered Accountant and is a current member of the Institute of Chartered Accountants of British Columbia and the Canadian Institute of Chartered Accountants. Mr. Lee has not entered into a non-competition or non-disclosure agreement with the Company and is 38 years of age. It is anticipated that Mr. Lee will spend approximately 10% of his time on the affairs of the Company.

**Garnet Clark, *Chief Financial Officer***

Mr. Clark has been the Company’s Chief Financial Officer since October, 2007. He devotes approximately 25% of his time to the Company’s business. Mr. Clark also serves as Chief Financial Officer for Minco Gold Corporation, Minco Base Metals Corporation, East Energy Corp. and Pacific Link Mining Corp. Mr. Clark, a

Certified Management Accountant (CMA), is a senior executive with two decades of national and international experience in the resource sector. He was appointed to the Board of Governors for the Northern Alberta Institute of Technology (NAIT) in October of 2004 and has been the Chair of the Finance and Audit Committee since May, 2005. He has served for two decades with Sherritt International Corp. during which time he filled a number of senior positions, including 11 years as the CFO of the company's metals, oil/gas and coal businesses. Mr. Clark is also former Vice-President, Finance and Chief Financial Officer of the Luscar group of companies, Canada's largest coal company. At Luscar from 2003 – 2005, Mr. Clark helped the company achieve its status as one of the safest and most efficient coal miners in the world, while at the same time generating an overall improvement in cash flow.

**Chris Zahovskis, Chief Operating Officer**

Mr. Zahovskis was appointed as the Company's Chief Operating Officer in July 2008. Mr. Zahovskis graduated from Queen's University, Canada with a degree in Mining Engineering and brings over 28 years experience in the mining industry. Mr. Zahovskis worked with Cominco Limited from 1980 to 1997 in progressively senior roles at many of Cominco's operations. He was most recently Vice President, Operations for a junior mining company.

**Dwayne Melrose, Vice President, Exploration**

Mr. Melrose has been Vice-President, Exploration since May, 2007. He is also a Director and Vice-President, Exploration of Minco Gold Corporation from May 2007 to present and a director of Minco Base Metals Corporation from November 2007 to present. Mr. Melrose is a graduate from the University of Waterloo, Ontario and has over 25 years experience as an exploration and mine geologist. He has been involved in all aspects of exploration and mine exploration from grass roots to mine definition/feasibility stage and open pit mine geology. Mr. Melrose has worked with the Cameco/Centerra Gold companies exploration departments for the past 21 years in Canada, USA and Kazakhstan with the last nine years as the Exploration Manager at the Kumtor Gold Mine in the Krygyz Republic. Prior to Kumtor, Mr. Melrose has worked in a variety of gold and base metals geological environments in Eastern-Western Canada, Western USA and Kazakhstan.

**Fiona Zhou, Controller**

Ms. Zhou has been the Company's controller since October 19, 2004. Ms. Zhou devotes approximately 50% of her time to the Company's business. She is currently a CGA Member and a CPA Member in China. Ms. Zhou is also a Certified SAP Consultant specializing in Financial Accounting and Cost Accounting and she holds a Bachelor's Degree in Commerce, majoring in Financing. Ms. Zhou has over 10 years of experience in accounting and auditing in both Canada and China. Previously she served as the accounting manager of several companies and has held several positions such as finance supervisor and senior auditor.

Ms. Zhou also serves as the Controller of Minco Gold Corporation (formerly "Minco Mining & Metals Corporation"), a TSX listed company and Minco Base Metals Corporation. Ms. Zhou has not entered into a non-competition or non-disclosure agreement with the Company and is 36 years of age. It is anticipated that Ms. Zhou will spend approximately 30% of her time on the affairs of the Company.

Directors hold office until the next annual general meeting of the shareholders of the Company when their successor is duly elected, or until their successor is appointed if an office is vacated in accordance with the articles of the Company.

The Company is required to have an audit committee, the committee members are Messrs. Lee, Meyer and McNaughton, all of whom are independent directors. The Company also has a Compensation Committee.

### **Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Other than as described below, to the best of the Company's knowledge, no director or officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- a) is, as at the date hereof, or has been, within the ten years before the date hereof, a director or executive officer of any issuer that while that person was acting in that capacity,
  - (i) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemption under securities legislation for a period of more than 30 consecutive days;
  - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days;
  - (iii) 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 proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- b) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation related to bankruptcy or insolvency, or 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.

Ken Cai is the Chairman 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. As of the date of this Information Circular there are no cease trade orders with respect to Tranzcom and all financial statements have been filed with the necessary regulatory authorities.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (i) 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
- (ii) any other 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.

### **Conflicts of Interest**

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 natural resource exploration and development, pharmaceutical industry, wastewater management technology and 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.

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.

### **LEGAL PROCEEDINGS**

The Company is not a party to any outstanding legal proceedings, and the directors of the Company do not have any knowledge of any contemplated legal proceedings that are material to the business and affairs of the Company.

### **PRINCIPAL SHAREHOLDERS**

The following table sets forth, as at the date of the Annual Information Form, each of the persons owning or exercising control or direction over 10% or more of the Company's issued and outstanding common shares.

<b>Title of Class</b>	<b>Identity of Holder</b>	<b>Amount Owned</b>	<b>Percent of Class <sup>(1)</sup></b>
Common shares	Minco Gold Corporation	13,000,000	40.5%
Common shares	Silver Standard Resources Inc.	3,518,310	10.9%

### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

In 2008, the Company paid consulting fees to Sinowin Investments Inc., a consulting company controlled by Ken Cai, in the amount of \$163,229.13 (December 31, 2007 – \$177,187.50, December 31, 2006 - \$164,075.00). The consulting fees are included in exploration costs, property investigation, management fees and investor relations in the Company's Audited Financial Statements for the year ended December 31, 2008.

### **TRANSFER AGENTS AND REGISTRAR**

The Company's registrar and transfer agent for its common shares is Computershare Trust Company of Canada, located at 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, Canada, telephone: 604-661-0224, fax: 604-661-9401, internet: [www.computershare.com](http://www.computershare.com).

### **MATERIAL CONTRACTS**

The following contracts are the only contracts, other than those entered into in the ordinary course of business, that are material to the Company and entered into within the Company's most recently completed financial year, or before the most recently completed financial year but still in effect:

Assignment Agreement dated August 20, 2004	As described under "Description of the Business of the Company - Principal Mining Interests - Fuwan Property".
Preliminary Fuwan JV Agreement dated April 16, 2004 and amended August 18, 2004	As described under "Description of the Business of the Company - Principal Mining Interests - Fuwan Property".
Fuwan JV Agreement dated September 28, 2004	As described under "Description of the Business of the Company - Principal Mining Interests - Fuwan Property".
757 Transfer Agreement dated November 19, 2004	As described under "Description of the Business of the Company - Principal Mining Interests - Fuwan Property".
Transfer Confirmation Agreement dated November 19, 2004	As described under "Description of the Business of the Company - Principal Mining Interests - Fuwan Property".
First Confirmation Agreement dated	As described under "Description of the Business of the Company -

May 2, 2005	Principal Mining Interests - Fuwan Property”.
Amending Contract dated January 10, 2006	As described under “Description of the Business of the Company - Principal Mining Interests - Fuwan Property”.
Second Confirmation Agreement dated August 24, 2006	As described under “Description of the Business of the Company - Principal Mining Interests - Fuwan Property”.
Preliminary Changkeng JV Agreement dated April 16, 2004	As described under “Description of the Business of the Company - Principal Mining Interests - Changkeng Property”.
Changkeng JV Agreement dated September 28, 2004	As described under “Description of the Business of the Company - Principal Mining Interests - Changkeng Property”.
Silver Standard Agreement dated October 4, 2004	As described under “Description of the Business of the Company - The Silver Standard Agreement”.
Guanhuatang Permit	The reconnaissance survey exploration permit (# 0100000510045) in respect of the 37.38 km <sup>2</sup> Guanhuatang silver and multi-metals property in Foshan City of Guangdong Province, having validity from April 7, 2005 to April 7, 2008.
Luoke-Jilinggang Permit	The reconnaissance survey exploration permit (# 100000620526) in respect of the 75.76 km <sup>2</sup> Luoke-Jilinggang silver and multi-metals property in Gaoyao City, Zhaoqing City of Guangdong Province, having validity from December 31, 2006 to April 7, 2008.
Guyegang-Sanyatang Permit	The reconnaissance survey exploration permit (# 0100000510047) in respect of the 91.91 km <sup>2</sup> Guyegang-Sanyatang silver and multi-metals property in Gaomong Region, Foshan City of Guangdong Province, having validity from April 7, 2005 to April 7, 2008.
Fuwan Silver Permit	The reconnaissance survey exploration permit (# 100000730293) in respect of the 0.79 km <sup>2</sup> Fuwan silver property in Gaoming Region, Foshan City of Guangdong Province, having validity from August 20, 2007 to July 20, 2009.
Changkeng Permit	means the reconnaissance survey exploration permit (#T01120080102000011) which expires on September 10, 2009 in respect of the 1.19 km <sup>2</sup> Changkeng gold property in Gaoyao City of Guangdong Province in southern China.
Cost Sharing Agreement Inc. dated January 1, 2007	The Company shares office space and miscellaneous office overhead expenses with Minco Gold, Tranzcom China Security Networks Inc. and Aquasol Envirotech (Canada) Inc. pursuant to an agreement dated January 1, 2007. Pursuant to the office and cost sharing agreement, Minco Gold allocates rent and overhead expenses to each of the Company, Tranzcom China Security Networks Inc. and Aquasol Envirotech (Canada) Inc. at cost.
Letter of Intent (as amended and restated) dated July 21, 2008	The Company agreed to amalgamate with Sterling Mining Company whereby the Company offered to amalgamate with Sterling by exchanging 0.51 of a Minco Silver share for each one of Sterling’s shares.
Credit Facility Agreement dated July 21, 2008	The Company agreed to lend to Sterling, from time to time, monies to meet general working capital and other operating expenses to carry on its business to a maximum amount of \$15,000,000.
Various Stock Option Agreements	Various stock option agreements dated between December 1, 2005 and December 16, 2008 between the Company and certain officers, directors, consultants and employees of the Company

The consulting agreements in connection with remuneration to certain members of management are described under “Interest of Management and Others in Material Transactions”.

## INTERESTS OF EXPERTS

The following persons and companies have prepared or certified a statement, report or valuation on behalf of the Company as follows during the twelve months ended December 31, 2007, and to the date of this Annual Information Form: (i) Ernst & Young LLP, Chartered Accountants, 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, 2007; (ii) Eugene Puritch, P.Eng. of P&E Mining Consultants Inc. and Tracy Armstrong, P.Geo prepared a report entitled "Technical Report and Updated Resource Estimate on the Fuwan Property, Guangdong Province China" filed on SEDAR on January 25, 2008 in accordance with National Instrument 43-101, (iii) SRK Consulting prepared a Preliminary Economic Assessment filed on SEDAR on January 3, 2008 and a Hydrogeology Report filed on January 10, 2008. None of the above-noted persons or companies hold a registered or beneficial interest, direct or indirect, in any securities or other property of the Company and its associates and affiliates.

## PROMOTER

As Minco Gold took the initiative in forming the Company in 2004 and remains a significant shareholder of the Company, Minco Gold would be considered a promoter of the Company within the meaning of the securities laws of certain provinces and territories of Canada. Minco Gold files reports and other information with the Canadian regulatory authorities on SEDAR. Copies of these filings can be located at [www.sedar.com](http://www.sedar.com).

## AUDIT COMMITTEE

The complete text of the Company's audit committee charter is attached hereto as Schedule "A".

### **Composition of the Audit Committee**

The following are the members of the Company's audit committee:

Chan-Seng Lee	Independent <sup>(1)</sup>	Financially Literate <sup>(2)</sup>
William Meyer	Independent <sup>(1)</sup>	Financially Literate <sup>(2)</sup>
Kenneth McNaughton	Independent <sup>(1)</sup>	Financially Literate <sup>(2)</sup>

- (1) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment.
- (2) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth 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 the Company's financial statements.

### **Audit Committee Oversight**

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Company's audit committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### Reliance on Certain Exemptions

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of Multilateral Instrument 52-110 ("MI 52-110") (*De Minimis Non-audit Services*), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of Multilateral Instrument 52-110.

### Pre-Approval Policies and Procedures

The Company's audit committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

### External Auditor Service Fees (By Category)

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees (\$)	Audit Related Fees (\$)	Tax Fees (\$)	All Other Fees (\$)
December 31, 2008	80,000-120,000	-	-	-
December 31, 2007	65,000	-	-	-
December 31, 2006	109,800	-	11,000	-

### ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, as applicable, is contained in the Company's financial statements and management's discussion and analysis for the 12 month period ended December 31, 2008. Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**SCHEDULE "A"**  
**MINCO SILVER CORPORATION**  
**AUDIT COMMITTEE CHARTER**

*Mandate*

The primary function of the audit committee (the "Committee") is to assist the board of directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Company to regulatory authorities and shareholders, the Company's systems of internal controls regarding finance and accounting and the Company's auditing, accounting and financial reporting processes. The Committee's primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Company's financial reporting and internal control system and review the Company's financial statements.
- Review and appraise the performance of the Company's external auditors.
- Provide an open avenue of communication among the Company's auditors, financial and senior management and the Board of Directors.

*Composition*

The Committee shall be comprised of three directors as determined by the Board of Directors, the majority of whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee. At least one member of the Committee shall have accounting or related financial management expertise. All members of the Committee that are not financially literate will work towards becoming financially literate to obtain a working familiarity with basic finance and accounting practices. For the purposes of the Audit Committee Charter, the definition of "financially literate" is 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 presumably be expected to be raised by the Company's financial statements.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders' meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

*Meetings*

The Committee shall meet a four times annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors in separate sessions.

*Responsibilities and Duties*

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

- (a) Review and update the Charter annually.

- (b) Review the Company's financial statements, MD&A and any annual and interim earnings, press releases before the Company publicly discloses this information and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

#### External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Company.
- (b) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (c) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (d) Review and pre-approve all audit and audit-related services and the fees and other compensation related thereto, and any non-audit services, provided by the Company's external auditors.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

#### *Financial Reporting Processes*

- (a) In consultation with the external auditors, review with management the integrity of the Company's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Company's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (e) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (f) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (g) Review any complaints or concerns about any questionable accounting, internal accounting controls or auditing matters.
- (h) Review certification process.
- (i) Establish a procedure for the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

#### *Other*

Review any related-party transactions.