



MINCO 明科银矿公司
SILVER CORPORATION

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2010

DATED AS OF MARCH 31, 2011

**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 December 31, 2010, the closing rate for one Canadian dollar in RMB was C\$1.00 = 6.6269 RMB as reported by the Bank of Canada.

DOCUMENTS INCORPORATED BY REFERENCE

The Company's technical report entitled "Fuwan Silver Project Feasibility Study Technical Report" and dated October 23, 2009 is available under the Company's profile on SEDAR at www.sedar.com.

GLOSSARY OF TERMS

"757 Team"	means the No. 757 Exploration Team of the Guangdong Geological Bureau, an entity owned and controlled by the Guangdong Geological Bureau of the PRC government.
"Additional Permits"	means, collectively the Luoke-Jilinggang Permit, the Guyegang-Sanyatang Permit, the Guanhuatang Permit.
"Assignment Agreement"	means the assignment agreement dated August 20, 2004 between the Company, Minco Gold, Minco China and Minco BVI.
"Changkeng Permit"	means the reconnaissance survey exploration permit (#T01120080102000011) which expires on September 10, 2011 in respect of the 1.19 km ² Changkeng gold property in Gaoyao City of Guangdong Province in southern China.
"Changkeng Property"	means the 1.19 km ² Changkeng gold property in Gaoyao City of Guangdong Province in southern China which adjoins the property underlying the Fuwan Silver Permit.
"Company"	means Minco Silver Corporation.
"First Confirmation Agreement"	means the confirmation agreement dated May 2, 2005 between Minco Gold, Minco China and Minco Silver.
"Foshan Minco"	Means a joint venture corporation incorporated under the laws of the Peoples' Republic of China, that the company holds a 90% interest in.
"FS"	means the 43-101 compliant Feasibility Study dated September 28, 2009 of the Fuwan Silver Project.
"Fuwan Permits"	means, collectively, the Fuwan Silver Permit and the Additional Permits.

“Fuwan Property”	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.
“GGB”	means Guangdong Geological Bureau., an entity owned and controlled by the Guangdong Geological Bureau of the PRC government.
“Guanhuatang Permit”	means the reconnaissance survey exploration permit (#T01120080502000491) in respect of the 37.29 km ² Guanhuatang silver and multi-metals property in Foshan City of Guangdong Province issued to Minco China.
“Luoke-Jilinggang Permit”	means the reconnaissance survey exploration permit (#T01120080402000336) in respect of the 76.62 km ² Luoke-Jilinggang silver and multi-metals property in Gaoyao City, Zhaoqing City of Guangdong Province issued to Minco China and having validity from September 26, 2008 to July 20, 2011, incorporating the original Fuwan permit and original Luoke-Jilinggang permits)
“Minco BVI”	means Minco Silver Ltd.
“Minco China”	means Minco Mining (China) Corporation.
“Minco Gold”	means Minco Gold Corporation (formerly “Minco Mining & Metals Corporation”).
“Minco Silver”	means Minco Silver Corporation.
“MOLAR”	means Ministry of Land and Resources.
“RMB”	means the Chinese currency Renminbi.

CORPORATE STRUCTURE

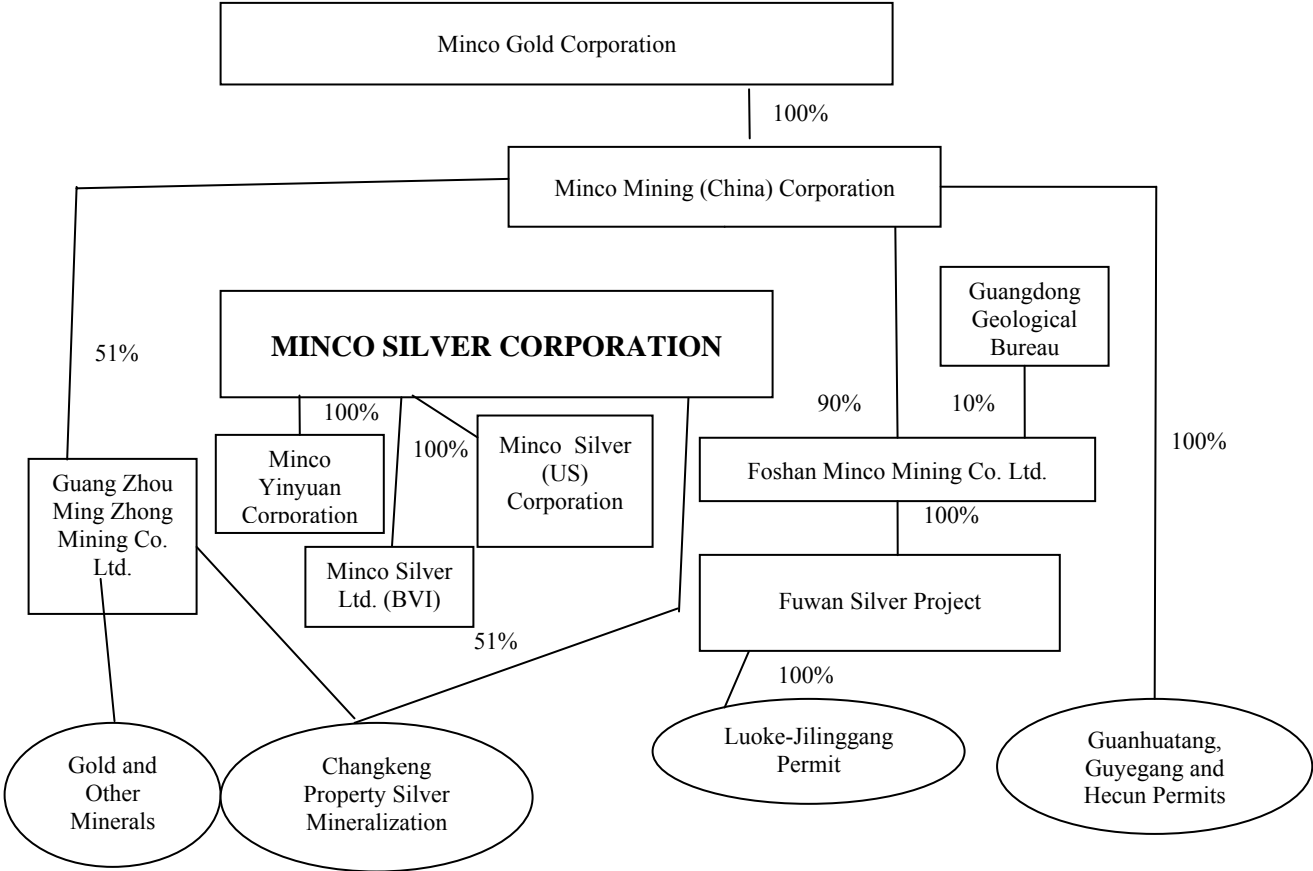
Minco Silver Corporation was incorporated on August 20, 2004 under the laws of the Province of British Columbia and its common shares trade on the Toronto Stock Exchange (“TSX”) under the trading symbol “MSV”. The Company commenced operations on October 1, 2004. Minco Silver is currently engaged in the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

The principal executive office and registered office of the Company is located at Suite #2772, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3R5, telephone number 604-688-8002, fax number 604-688-8030 and email address info@mincosilver.ca.

Minco Silver has three wholly-owned subsidiaries, Minco Silver Ltd., a British Virgin Island corporation (“Minco BVI”), Minco Silver (US) Corporation, a Delaware, USA company, and Minco Yinyuan Corporation incorporated in Beijing, PRC.

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.



GENERAL DEVELOPMENT OF THE BUSINESS

Minco Silver Corporation is a British Columbia corporation whose common shares trade on the 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. The Company is engaged in the acquisition, exploration and development of silver dominant projects.

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.)

On September 28, 2009 the company completed the Feasibility Study for the Fuwan Silver Project located in Southeast China. The Feasibility Study was completed and overseen by Wardrop Engineering Inc. ("Wardrop") of Vancouver, BC, Canada. Wardrop worked in conjunction with China Nerin Engineering Co. Ltd. ("NERIN") of Nanchang, China, Environmental Resource Management ("ERM") of Beijing, China and P&E of Brampton, ON, Canada. For more information see "Feasibility Study" below.

At present, the Company is completing certain environmental permitting processes, leading towards the eventual mining license issuance for the Fuwan Silver Project.

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 Mineral Interests

Minco Silver is engaged in the identification, acquisition and exploration of silver dominant mineral properties. Since inception, the Corporation's focus has been on the exploration and development of its Fuwan Project located in southern China. The Fuwan Project is located in Guangdong Province, 45 kilometres southwest of Guangzhou, the capital city of Guangdong, and 2 kilometres northwest of the town of Fuwan. Details of the Fuwan Project are contained under "Description of Mineral Properties" herein.

Marketing Plan and Strategies

The Company's goal is to become a leading mid-tier silver producer. Minco Silver has established strong ties with Chinese governmental bureaus and also with Chinese mining community. 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.

Employees and Premises

The Company currently shares 65 employees with Minco Gold, of which 6 employees are located in Vancouver, British Columbia.

DESCRIPTION OF MINERAL PROPERTIES

Fuwan Silver Property

The Fuwan Project is comprised of (i) the properties which are the subject of the Hecun Permit, the Luoke-Jilinggang Permit and the Guyegang Permit, each of which are held by Minco China in trust for and on behalf of Minco Silver; and (ii) 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 Project described in the Fuwan Technical Report does not include the Guanhuatang property.

The Company also holds a 90% beneficial interest in Foshan Minco Mining Co. Ltd., a joint venture corporation incorporated under the laws of the Peoples Republic of China (“**Foshan Minco**”). The Guangdong Geological Bureau of the Peoples Republic of China is the holder of a 10% equity interest in Foshan Minco. The interests of Minco Silver in Foshan Minco are held in trust for it by Minco Mining (China) Corporation (“**Minco China**”), a wholly owned subsidiary of Minco Gold Corporation (“**Minco Gold**”). Minco Gold is a British Columbia company listed on the TSX and holds approximately 26% of the issued shares of Minco Silver.

The Company’s Fuwan silver project (the “**Fuwan Project**”) is comprised of four mineral exploration permits known as the Luoke-Jilinggang, Guanhuatang, Guyegang and Hecun permits. The Luoke-Jilinggang permit is held by Foshan Minco and the other three permits are held by Minco China. The Fuwan Project also includes certain rights held by Minco Silver in the silver mineralization located on the Changkeng Property, a gold and silver exploration property in which Minco Gold holds the right to earn a 51% interest.

The permits, licenses and other legal interests in the Fuwan Project are the subject matter of two agreements entered into among Minco Gold, Minco China and Minco Silver. The first is a confirmation agreement dated August 24, 2006 (the “**Confirmation Agreement**”). The second is an assignment agreement dated March 10, 2010 (the “**Assignment Agreement**”). Pursuant to the Confirmation Agreement, Minco Gold and Minco China agreed to hold all licenses, permits and other assets held by Minco China in respect of the Fuwan Project and all licenses, permits and other assets acquired subsequent to the date of the Confirmation Agreement in trust for Minco Silver.

Subsequent to the date of the Confirmation Agreement, Minco Gold and Minco China caused Foshan Minco to be established in accordance with the laws of the Peoples Republic of China for the purpose of holding the Luoke-Jilinggang permit. Pursuant to the Assignment Agreement, Minco Gold and Minco China agreed to assign all of their interests in Foshan Minco to Minco Silver. As at the date of this AIF, the legal interest in Foshan Minco has not been transferred to Minco Silver or registered pursuant to the laws of the Peoples Republic of China.

Minco Silver’s interests in the Guanhuatang, Guyegang and Hecun permits and other assets related to the Fuwan Project continue to be held in trust by Minco China for Minco Silver pursuant to the terms of the Confirmation Agreement. Pursuant to the Assignment Agreement, Minco Gold and Minco China agreed to assign their interests in these permits to Minco Silver. As at the date of this AIF, the legal interests in the Guanhuatang, Guyegang and Hecun permits have not been transferred to Minco Silver or registered pursuant to the laws of the Peoples Republic of China.

Under the terms of the Confirmation Agreement, Minco Gold and Minco China have agreed to do any such acts and things as are requested by Minco Silver in connection with Minco Silver’s exploration and development of the Fuwan Project and each of Minco Gold and Minco China have agreed not to sell, assign or encumber the assets that are held by it relating to the Fuwan Project.

Minco Silver and Minco Gold have common directors and management and share office premises in Vancouver, Beijing and Foshan. Through these common connections, Minco Silver is able to monitor Minco Gold and

Minco China's activities and ensure that Minco Gold and Minco China continue to hold and maintain all permits, licenses and other assets pertaining to the Fuwan Project in trust for Minco Silver pursuant to the terms of the Confirmation Agreement and Assignment Agreement and to ensure that no actions are taken by Minco Gold and Minco China that could adversely affect Minco Silver's rights to the Fuwan Project.

It is the intention of Minco Silver, Minco Gold and Minco China to effect the transfer of the legal interest in Foshan Minco and in all permits, licenses and other assets held by Minco China in the Fuwan Project, and to register such legal interests in accordance with the laws of the Peoples Republic of China, at the time of the issuance of a mining license for the Fuwan Project. If and when issued, such mining license will replace the exploration permits and licenses currently comprising the Fuwan Project.

In addition to the Confirmation Agreement and Assignment Agreement, the Company and Minco Gold have also entered into a Cost Sharing Agreement dated March 10, 2010 regarding the Changkeng property in which Minco Gold, through its subsidiary Minco China, holds the right to earn up to a 51% interest. In 2004, Minco Gold assigned to the Company the right to earn up to a corresponding 51% in the silver mineralization in the Changkeng property on the understanding that the 51% interest in the gold mineralization being retained by Minco Gold. Pursuant to the Cost Sharing Agreement, the Company has agreed to reimburse Minco Gold 100% of any exploration and development costs that may be incurred by Minco Gold in respect of the silver mineralization on the Changkeng Property. Any silver mineralization on the Changkeng property is considered to form part of the Fuwan Project.

Detailed technical information on the Fuwan Project, including project description and location, climate, local resources, infrastructure, physiography, history, geological setting, exploration, mineralization, drilling sampling and mineral resource estimated, can be found in the technical report dated October 23, 2009 entitled "*Fuwan Silver Project Feasibility Study Technical Report*" prepared by Wardrop, A Tetra Tech Company (Wardrop) (the "**Fuwan Technical Report**").

The following summary has been extracted from the Fuwan Technical Report.

Introduction

The Fuwan silver-gold-lead-zinc deposit is owned by Minco Silver and is located in Guangdong Province, southern China, about 45 km southwest of the provincial capital Guangzhou. The deposit was tested with 422 holes up to May 2008 with an aggregate length of approximately 96,000 m.

In November 2007, SRK Consulting Canada Inc. (SRK) completed a Preliminary Economic Assessment of the Fuwan deposit. In May 2008, Changsha Engineering and Research Institute of Nonferrous Metallurgy (CINF) completed a Pre-feasibility Study.

Minco Silver has retained Wardrop, A Tetra Tech Company (Wardrop) to produce a Feasibility Study of the Fuwan property that is compliant with the reporting standards of National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101").

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

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

Geology & Resource Estimation

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

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

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

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

Eight zones of silver mineralization have been identified:

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

Zones 7 and 8 are not included in the Fuwan resource estimate. The following is a summary of the May 2008 Fuwan resource estimate prepared by P&E Mining Consultants Inc. (P&E) at a cutoff of 40 g/t silver.

Table 1.1 Resource Estimate Summary at a 40 g/t Silver Cutoff – May 2008

Resource Area & Classification	Tonnes	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)
Fuwan Permit Indicated	13,948,000	188	0.17	0.20	0.56
Fuwan Permit Inferred	10,241,000	171	0.26	0.26	0.72

Notes:

- 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.

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

Mining

Reserve Estimate

The resource estimate provided by P&E classified the resources for the Fuwan Zones 1 to 4 as indicated and inferred (Table 1.1). Only indicated mineral resources as defined in NI 43-101 were used to establish the probable mineral reserves. No reserves were categorized as proven.

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

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

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

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

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

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

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

$$\text{NSR} = (0.31 * \text{in-situ g/t Ag grade}) * (6.07 * \text{in-situ g/t Ag grade}) * (311.66 * \text{in-situ \% Pb grade}) * (1,563.94 * \text{in-situ \% Zn grade})$$

NSR Cutoff Value

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

Table 1.2 Operating Costs for the Reserve Estimate

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

Wardrop used a stope recovery factor of 95%, an average mining extraction rate of 97%, and an average 7% internal dilution, 8% external dilution, and 3% fill dilution to estimate the total amount of diluted probable mineral reserves. Ore reserve calculations conservatively assumed dilution to contain no metal.

The probable mineral reserve estimate is 9,117,980 t at 189 g/t Ag, 0.146 g/t Au, 0.196% Pb, and 0.566% Zn. Table 1.3 lists the reserve estimate by zone.

Table 1.3 Probable Reserve Estimate Summary

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

Geotechnical

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

The recommended support for waste development is as follows:

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

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

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

Hydrogeology

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

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

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

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

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

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

Due to the potential for large volume groundwater inflows into the proposed mine excavations, predictive and mitigations measures such as probe hole advancement in all proposed excavation areas, the installation of

groundwater collection and drainage galleries, and installation of water tight doors or bulkheads at regular intervals will be required.

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

Mining Methods

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

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

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

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

The cut-and-fill method will be used for ore zones dipping between 15° and 50°.

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

Backfill

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

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

Mine Access

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

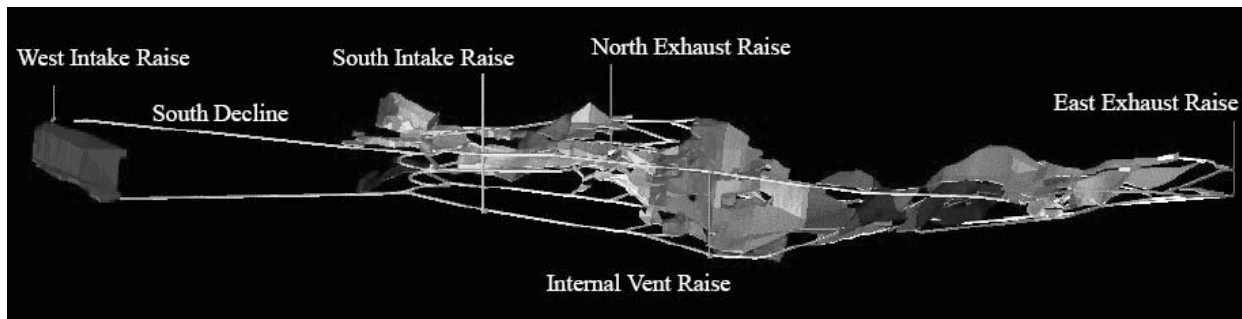
The location of the decline portal was selected on the south-west side of the deposit near the process plant. The size of the decline was selected at 4.5 m wide by 4.5 m high to accommodate the mining equipment and provide required clearances.

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

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

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

Figure 1.1 Access Development



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

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

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

A summary of ore and waste production is provided in Table 1.4.

Table 1.4 Production by Material Type

Year	Ore	Waste	Total
-2		83,515	83,515
-1		226,832	226,832
1	990,000	83,486	1,073,486
2	990,000	83,720	1,073,720
3	990,000	63,183	1,053,183
4	990,000	52,480	1,042,480
5	990,000	57,452	1,047,452
6	990,000	43,329	1,033,329
7	990,000	11,932	1,001,932
8	990,000	20,108	1,010,108
9	990,000	19,887	1,009,887
10	207,981		207,981
Total	9,117,981	745,924	9,863,905

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

Underground staffing requirements peak at 54 personnel during full production, including 9 mine operating and 5 mine maintenance salaried dayshift personnel, 32 shift technical staff, and 8 shift supervisors. Underground hourly labour requirements peak at 312 in Year 5 during full production, including 248 mine operating and 64 mine maintenance hourly personnel. The personnel requirements do not include the labour required for access development performed by the contractor.

Mine Services

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

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

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

The mobile drilling equipment such as jumbos, rock bolters, and scissor lifts with ammonium nitrate and fuel oil (ANFO) loaders will be equipped with their own compressors. No reticulated compressed air system will be

required. Six portable compressors will be used to satisfy compressed air consumption for miscellaneous underground operations.

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

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

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

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

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

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

Development Schedule

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

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

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

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

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

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

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

Table 1.5 Mine Development Schedule

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

Production Schedule

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

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

Table 1.6 Production Schedule

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

Mineral Processing and Metallurgical Testing

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

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

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

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

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

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

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

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

- silver-lead concentrate – 15,900 t/a, including:
 - 154,700 kg/a (4,975,000 oz/a) silver
 - 1,600 t/a lead
- zinc concentrate – 9,300 t/a average, including:
 - 4,700 t/a zinc
 - 15,400 kg/a (495,400 oz/a) silver.

Tailings Management Facility

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

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

Current cost estimate assumes that raising the Stage 1 TMF Dam (subject design) to accommodate additional 0.9 years of tailings deposition is feasible. However, this is to be confirmed by subsequent geotechnical and hydrogeological investigations.

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

The dam will be constructed in three stages:

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

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

- Perimeter diversion ditch
- Decant tower and pipe.

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

It is recommended identifying the location for storing the tailings produced during the rest of 0.9-year operation. The potential use of the tailings for making bricks for local infrastructure requirements should be further studied and confirmed.

Infrastructure and Ancillary Facilities

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

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

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

All buildings of the project will be new ones and be built according to the Chinese construction codes.

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

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

Capital Cost Estimate

This estimate has been completed partially by NERIN and partially by Wardrop. The majority of the information used in the estimate is based on the quantities and pricing provided by NERIN to Wardrop on March 28, 2009 and additional information and clarifications via email between April 1, 2009 and April 8, 2009.

NERIN indicated that its estimate has an accuracy range of $\pm 25\%$. The estimate has sufficient detail to provide a suitable basis for controlling the Engineering, Procurement, and Construction Management (EPCM) phase of the project.

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

Table 1.7 Summary of Project Capital Costs

Area	Cost (US\$)
Direct Works	
A – Mining (Wardrop)	21,636,951
B – Primary Crushing	659,816
C – Crushed Ore Stockpile and Reclaim	305,324
D – Secondary and Tertiary Crushing	51,736
E – Grinding, Flotation, Dewatering, Reagents & Service	9,139,827
F – Tailings Disposal Facilities	4,249,774
G – Plant Site, Infrastructure & Ancillary Facilities	8,626,643
H – Temporary Services	35,323
L – Site/Plant Mobile Equipment	1,190,204
N – Power Lines (Included in G1 – Power Supply)	0
Direct Works Subtotal	45,895,598
Indirects	
X – Project Indirects	13,330,282
Y1 – Land Acquisition	2,120,000
Y1 – Owner’s Costs	5,663,442
Z – Contingency	6,050,500
Indirects Subtotal	27,164,224
TOTAL PROJECT	US\$73,059,822

Operating Cost Estimate

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

Mining \$18.01/t
 Processing \$9.90/t
 Tailings \$1.13/t
 G&A \$4.78/t
 Surface Services \$0.60/t
Total \$34.42/t

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

Table 1.8 Mine Operating Cost Summary – LOM

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

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

Table 1.9 Summary of Process Operating Costs

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

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

General and administrative (G&A) costs are the costs that do not relate directly to the mining or processing operating costs. The G&A costs are estimated at approximately \$4.73 M/a or \$4.78/t milled. The estimated personnel requirement is 61 persons, including supervision and services. The site service cost is estimated at \$0.60/t milled or about \$594,000/a.

Financial Analysis

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

- 33.2% IRR
- 2.3 years payback on \$73.1 M capital
- \$US111.5 M net present value (NPV) at an 6% discount value.

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

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

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

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

Figure 1.2 NPV Sensitivity Analysis

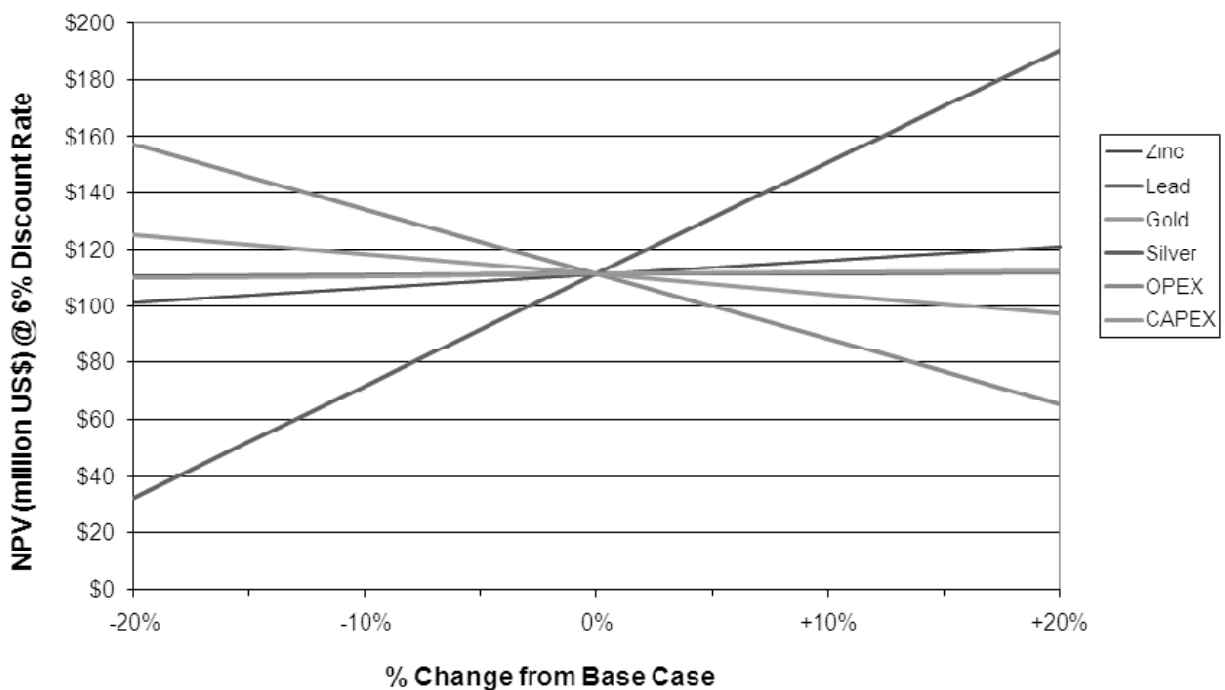
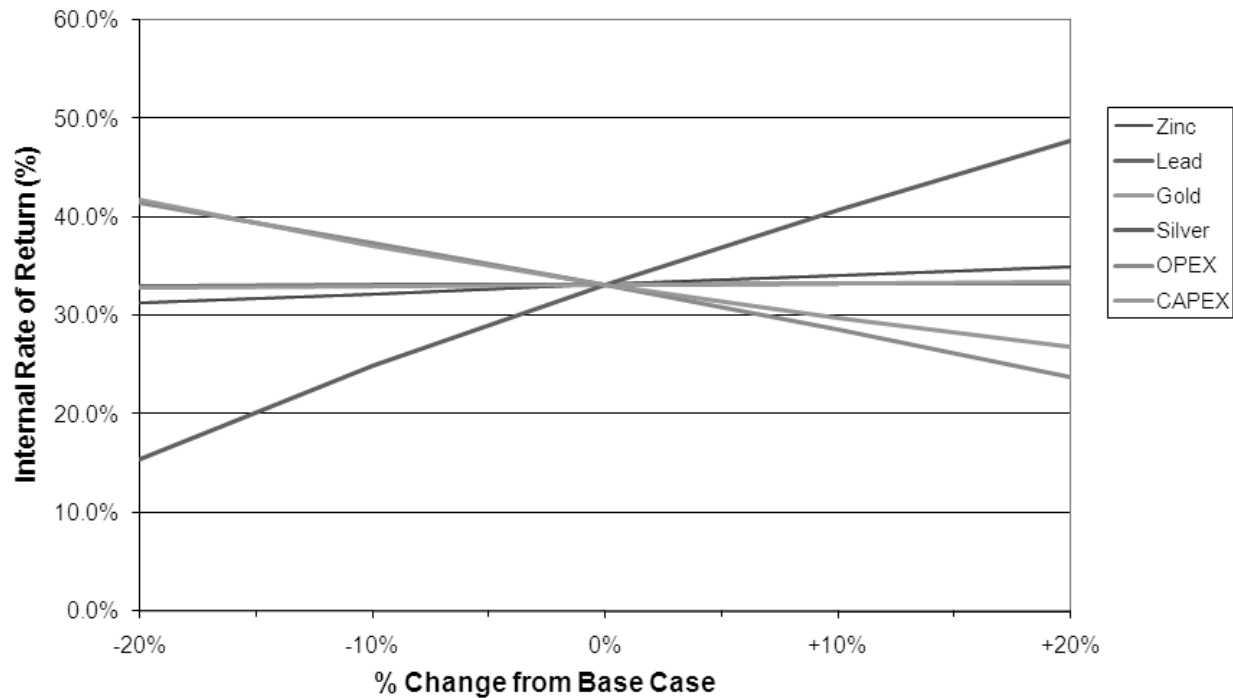


Figure 1.3 IRR Sensitivity Analysis



Environmental

Background

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

Project Setting

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

Figure 1.4 Land Uses

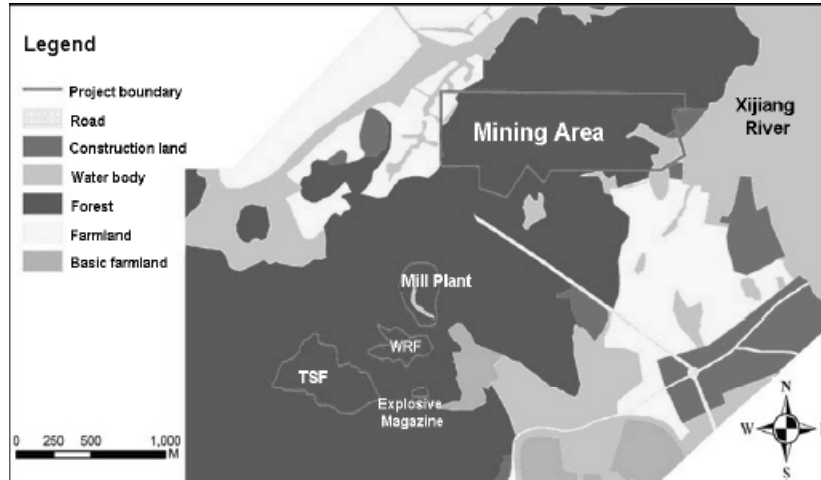
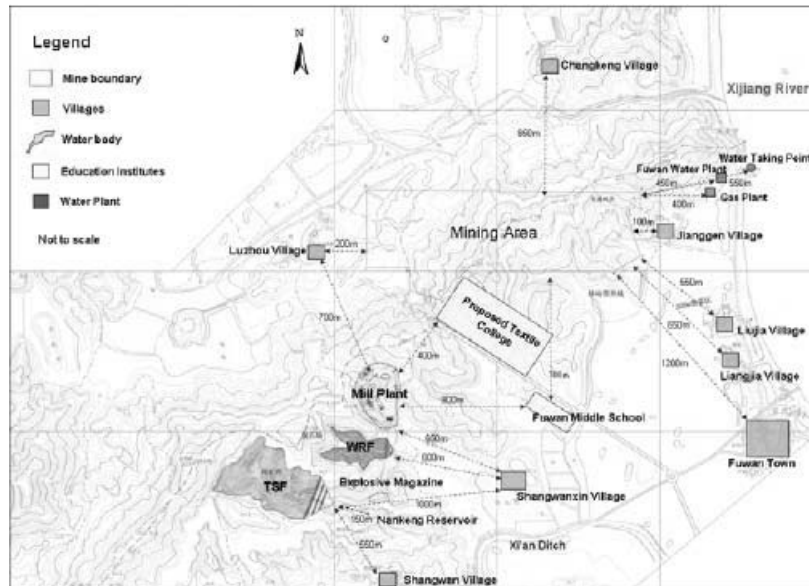


Figure 1.5 Nearby Villages



Eshia Findings

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

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

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

Mine Blasting

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

Waste Rock and Tailings Storage Facilities

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

A geotechnical survey of the TSF and WSF areas is yet to be conducted.

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

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

Groundwater Drawdown

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

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

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

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

Geological Hazards – Surface Cave-In

Geological hazards in the mining area include landslides and surface cave-ins. A total of 19 sites where geological hazards have occurred have been identified including eight landslide sites and 11 cave-in sites.

Among these, one landslide site and two collapse sites are defined as medium-severity and are in an unstable state.

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

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

Recent Developments

The Company continues to focus its efforts on the completion of certain environmental permitting processes, leading towards the eventual mining license issuance for the Fuwan Project. The development of the Fuwan Project is intended to be undertaken pursuant to the recommendations contained in the Fuwan Technical Report.

On September 8, 2010, the Company announced that Foshan Minco, had received a conditional commitment of a project debt facility in the amount of RMB 300 million (approximately US\$44.17 million) from the Guangdong Branch of the Industrial and Commercial Bank of China for the Fuwan Project. The debt facility represents approximately 60% of the total estimated project capital expenditure of US\$73.1 million for the Fuwan Project mine construction, as outlined in the Fuwan Technical Report.

The final loan agreement and terms are subject to final approval by the Bank upon all pertinent loan conditions being met, mainly the receipt of the mining license. Foshan Minco paid fees totalling RMB 100,000 (approximately US\$14,700) to the Bank in relation to the loan application

Sterling Mining Company

During 2008, the Company looked to expanded its property mineral assets and on July 10, 2008 the Company proposed to purchase 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 30, 2008, the Company entered into a Letter of Intent as Amended and Restated (“LOI”) whereby the Company agreed to amalgamate with Sterling subject to satisfactory due diligence and on other certain rights and conditions.

A condition of the LOI the Company made available to Sterling under the terms of a Credit Facility Agreement dated July 21, 2008 (the “Facility”) from time to time, monies to meet general working capital and other operating expenses to carry on its business to a maximum amount of USD\$15,000,000. 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”); and
- d) a Environmental Indemnity Agreement in which Sterling agreed to indemnify Minco Silver with respect to environmental conditions and operations at the Sunshine Mine.

On August 23, 2008 Minco Silver concluded its due diligence investigation into Sterling’s business and operational activities and as a result, on August 27, 2009 Minco Silver terminated its proposal to amalgamate with Sterling and terminated its obligation to advance the additional USD\$10,000,000.

On February 18, 2009 to realize the Loan Minco Silver filed an action in the Idaho State Court foreclosing on Sterling.

On March 3, 2009 Sterling with the consent of Sterling’s creditors including Minco Silver filed in the United States Bankruptcy Court District of Idaho (the “Bankruptcy Court”) a voluntary Petition in bankruptcy under Chapter 11 of the United States Bankruptcy Code.

On March 3, 2009 the foreclosure action was stayed in favour of Sterling’s pending bankruptcy.

On March 12, 2009 Minco Silver filed with the Bankruptcy Court a proof of claim whereby the Company; as a secured creditor claims the amount of the Loan and as an unsecured creditor pursuant to the right to a termination fee as set out in the LOI asserts the right to the additional amount of USD\$2,750,000 (the “Break Fee”)

From March 3, 2009 to the date of this Annual Information Form, Minco Silver continued to aid Sterling in its reorganization efforts and made available to Sterling an additional USD\$3,000,000 together with interest, legal fees, expenses, and charges (the “Post Petition Loan”) to cover costs associated with the administration of Sterling’s bankruptcy and the costs associated with the care and maintenance of the Sunshine Mine.

On November 9, 2009 Minco Silver in anticipation of Sterling’s reorganization and discharge from bankruptcy made a bid to purchase 100% of Sterling for USD\$12,500,000 with the right to credit bid the full amount of the Loan and Post Petition Loan.

On January 26, 2010, the Company settled with the EPA and the Tribe penalties in the amount of US\$1,250,000 on the 7% NSR royalty payable pursuant to the Consent Decree Judgment between Sterling, the EPA and the Tribe. This Settlement completes the outstanding cure amount to the Sunshine Lease.

On March 2, 2010, the Bankruptcy Court approved a settlement achieved in principle on January 26, 2010 of the penalties due and owing to the Tribe and the EPA on the 7% NSR pursuant to the Consent Decree Judgment in the amount of US\$1,250,000 bringing the Sunshine Lease into good standing. The Bankruptcy Court also approved a third post petition supplemental financing offer from Minco Silver to finance the settlement and Sterling’s continued administrative and the care and maintenance costs of the Sunshine Mine to April 15, 2010 in the amount of US\$2,000,000.

On April 19, 2010 Minco Silver in anticipation of Sterling's pending auction to be held on April 21, 2010 increased the Company's bid to purchase 100% of Sterling to USD\$14,500,000 also with the right to credit bid the full amount of the Loan and Post Petition Loan.

On April 21, 2010 at the direction of the Bankruptcy Court, Sterling was sold at auction to Silver Opportunity Partners LLC.

On April 23, 2010 as a condition of Sterling's sale, the secured portion of Minco Silver's proof of claim, namely USD\$11,675,522.20, representing the Loan and Post Petition Loan was paid in full.

As at the date of this Annual Information Form, Sterling remains a bankrupt company and the Break Fee remains due and outstanding.

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 penalties 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 are governed by the *Mineral Resources Law of the PRC* of 1986, amended effective January 1, 1997, and the *Implementation Rules for the Mineral Resources Law of the PRC*, effective March 26, 1994. In order to further implement these laws, on February 12, 1998, the State Council issued three sets of regulations: (i) *Regulation for Registering to Explore Mineral Resources Using the Block System*, (ii) *Regulation for Registering to Mine Mineral Resources*, and (iii) *Regulation for Transferring Exploration and Mining Rights* (together with the mineral resources law and implementation rules 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 Cooperative 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 there under (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

An investment in the Company's common shares should be considered highly speculative and investors may incur a loss on their investment. Investors should carefully review and consider the following risk factors.

Risks Relating to the Company

Permitting Requirements

The ability of the Company to carry out successful mining activities will depend on a number of factors. One of the most critical factors will be the ability of the Company to obtain mining licences and permits in China. Although the Company, through Minco China and Foshan Minco, has applied for and obtained various permits for the Fuwan Project, additional permits and licenses will also be required in order to complete the exploration and development of the Fuwan Project. These include permits and licenses pertaining to environmental matters, land use rights, water and forestry matters and, ultimately, a mining license. While applications for the additional required permits and licences have been, and will be, made by Minco China and/or Foshan Minco to the relevant statutory bodies, there is no assurance that such permits or licenses will be issued in a timely manner, or at all.

Many of the required licences and permits are, or will be, subject to conditions imposed by the Peoples Republic of China government as well as mining legislation of the Peoples Republic of China. No assurances can be given that all necessary permits, licenses or tenures will be granted to the Company through Minco China and/or Foshan Minco, or if they are granted that the Company, through Minco China and/or Foshan Minco, will be in a position to comply with all conditions and legal requirements that are imposed. For example, the business

licenses of Minco China and Foshan Minco restrict the activities that may be carried on by these companies and in particular, Foshan Minco is not permitted under its business license to conduct exploration activities. To date, exploration activities conducted at the Fuwan Project have been conducted by Minco China. As the activities of Minco China progress from exploration to development, and as Foshan Minco becomes involved in development activities, it will be necessary for those companies to seek governmental approval to conduct those new activities. There is no certainty that such approvals will be obtained in a timely manner or at all. Furthermore, each of Minco China and Foshan Minco is subject to an annual review process pursuant to which it must pass annual inspections of the Administration for Industry and Commerce in the Peoples Republic of China. As a result, if Foshan Minco does not pass its annual review it will not be authorized to carry on business in the Peoples Republic of China which may adversely affect the Company's interests in the Fuwan Project. The Company believes that it and Minco China and/or Foshan Minco are operating in compliance with all applicable rules and regulations.

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

The Luoke-Jilinggang permit held by Foshan Minco, one of the four permits comprising the Fuwan Silver Project, expires on July 20, 2011. The other three permits, the Guanhuatang, Guyegang and Hecun permits held by Minco China, expire on April 7, 2012. While the Company will, with the assistance of Minco China and Foshan Minco, take all possible steps necessary to renew these permits upon their expiry, there is no guarantee that such renewal attempts will be successful.

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

Capital Costs, Operating Costs and Production and Economic Returns

The capital costs to take the Company's Fuwan Project into production may be significantly higher than estimated in the Fuwan Technical Report. The pre-production capital costs set out in the Fuwan Technical Report were estimated at US\$73.1 million based on 2nd quarter 2009 dollars, and pricing and quantity data which was considered to be reasonable as at the date of the estimates. Changes in metal prices, exchanges rates and other factors since 2nd quarter 2009 may result in greater costs than those estimated, which may have an adverse impact on the Company's ability and timing to bring the Fuwan Project into production.

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

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

Cash operating costs, production and economic returns, and other estimates contained in studies or estimates prepared by or for the Company, including the Fuwan Technical Report or other feasibility studies, if prepared,

may differ significantly from those anticipated, and there can be no assurance that the Company's actual operating costs will not be higher than currently anticipated.

Title to Properties

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 Peoples Republic of China could not significantly alter the conditions of or revoke the applicable exploration or mining authorizations held by the Company through Minco China and Foshan Minco or that the Company's interest in such properties, through Minco China and Foshan Minco or otherwise, will not be challenged or impugned by third parties or governmental authorities.

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

China Political and Economic Considerations

The business operations of the Company will be located in, and the revenues of the Company derived from activities in, the Peoples Republic of China. Likewise, the Company's operations in the Peoples Republic of China are currently conducted through and with the assistance of Foshan Minco, a Chinese company. Accordingly, the business, financial condition and results of operations of the Company could be significantly and adversely affected by economic, political and social changes in the Peoples Republic of China. The economy of the Peoples Republic of China 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 Peoples Republic of China has been moving the economy from a planned economy to a more open, market-oriented system. The economic development of the Peoples Republic of China is following a model of market economy under socialism. Under this direction, it is expected that the Peoples Republic of China will continue to strengthen its economic and trading relationships with foreign countries and that business development in the Peoples Republic of China will follow market forces and the rules of market economics.

However, the Chinese government continues to play a significant role in regulating industry by imposing industrial policies. In addition, there is no guarantee that a major turnover of senior political decision makers will not occur, or that the existing economic policy of the Peoples Republic of China will not be changed. A change in policies by the Peoples Republic of China 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.

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 Peoples Republic of China involve various Chinese state-sector entities, including GGB and other governmental entities, whose actions and priorities may be dictated by government policies, instead of purely commercial considerations. Additionally, companies with a foreign ownership component operating in the Peoples Republic of China may be required to work within a framework which is different to that imposed on domestic Chinese companies. The Chinese

government is opening up opportunities for foreign investment in mining projects and this process is expected to continue. However, if the Chinese government should reverse this trend and impose greater restrictions on foreign companies, the Company's business and future earnings could be negatively affected.

Peoples Republic of China Legal System and Enforcement

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

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

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

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 and issuances of exploration and mining rights are also subject to governmental approval. Failure or delays in obtaining necessary approvals could have a materially adverse affect on the financial condition and results of operations of the Company. Nearly all mining projects in the Peoples Republic of China require government approval. There can be no certainty that any such approvals will be granted (directly or indirectly) to Foshan Minco in a timely manner, or at all.

Exploration and Development is a Speculative Business

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

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

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

Certain of the permits relating to the Fuwan Project are registered in the name of Minco China, a company unrelated to Minco Silver and certain other permits are registered in the name of Foshan Minco. Although Minco Silver has a 90% equity interest in Foshan Minco, its interest in Foshan Minco has not yet been registered in China.

Minco Gold and Minco China have agreed pursuant to the Confirmation Agreement to hold the permits and all other assets relating to the Fuwan Project in trust for the benefit of Minco Silver and have agreed pursuant to the Assignment Agreement to transfer Minco China's 90% interest in Foshan Minco and the permits and other assets relating to the Fuwan Project to Minco Silver. Until the transfers of the interests are registered, the Company relies on the trust relationship, which relationship, and the concept of the separation of the legal and beneficial ownership, are not recognized under the laws of the People's Republic of China. The Confirmation Agreement and Assignment Agreement are governed by Canadian law, which does recognize the concept of trust relationship, and each of Minco Gold and Minco Silver are Canadian companies. However, there is no certainty that if Minco Gold or Minco China breach their obligations to Minco Silver under such agreements that a Canadian court would grant Minco Silver a remedy for such breach or that any remedy granted would be sufficient to compensate Minco Silver for its loss. In addition, since Minco China is a Chinese company, Minco Silver may have difficulties enforcing any judgement against Minco China. There is no certainty that a Chinese court would recognize or enforce the judgement of a Canadian court against Minco China. Furthermore, the current ownership arrangement presents the possibility of certain Canadian tax risks as the separation of beneficial and legal ownership of the permits and other assets relating to the Fuwan Project is not recognized under the laws of the Peoples Republic of China. The failure of Minco Silver to obtain an adequate remedy in the event that Minco Gold or Minco China breach the Confirmation Agreement or the Assignment Agreement or the failure of such remedy to be enforced against Minco Gold or Minco China would have a material adverse effect on Minco China. There can be no assurance that such mining license will be issued or that the legal interests in Foshan Minco and the permits and licenses comprising the Fuwan Project will be transferred to Minco Silver in accordance with the Assignment Agreement or registered in accordance with the laws of the Peoples Republic of China.

Future Financing

The Company's current financial resources may not be sufficient to meet all of the Company's ongoing financial requirements relating to the exploration, development or operation of the Fuwan Project. Although the Company has received a conditional commitment of a project debt facility in the amount of RMB 300 million (approximately US\$44.17 million) from the Guangdong Branch of the Industrial and Commercial Bank of China for the Fuwan Project, this commitment represents only a portion of the funds required to construct the Fuwan silver mine and the facility is subject to certain conditions including receipt by the Company of the mining license.

The Company currently has limited financial resources and there is no assurance that additional funding will be available to it for further exploration and development of its projects. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be 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.

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.

Potential Conflicts of Interest

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

In addition, Paul Zhang serves as Chief Financial Officer, Dwayne Melrose serves as Director (VP, Exploration for Minco Gold), Ellen Wei serves as Controller and Jennifer Trevitt serves as Corporate Secretary respectively with the Company, Minco Gold and Minco Base Metals. Any decision made by those directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors and officers will declare, and refrain from voting on, any matter in which such directors or officers may have a conflict of interest. Nevertheless, there remains the possibility that the best interests of the Company will not be served because its directors and officers have other commitments.

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

Competition

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

Uncertainty of Estimates

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

Reliance on Management and Directors

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

Failure to do so could have a material adverse 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.

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.

Changkeng Joint Venture Agreement

Pursuant to agreements with Minco Gold, Minco Silver has the right 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 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 was renewed and expires on September 10, 2011. Although the Company has been advised by Minco Gold that it intends to take all possible steps necessary to renew the Changkeng Permit upon its expiry, there is no guarantee that such renewal attempts will be successful. 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 China 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.

Environmental Considerations

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

To the knowledge of the Company, there are 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 Foshan Minco, GGB or any other party in respect of the Fuwan Project. 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.

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 at December 31, 2010 the Company's has 49,618,619 common shares issued and outstanding. There are a total of 2,940,836 stock options granted to directors, officers, employees, and contractors and 941,500 warrants outstanding for a fully diluted total of 53,500,955 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, 40,613,669 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, 2010 to December 31, 2010).

2009	TSX (\$) High	TSX (\$) Low	Volume
December 2010	7.14	5.75	2,392,200
November 2010	6.85	3.90	6,011,700
October 2010	4.01	3.40	1,444,900
September 2010	3.95	3.30	1,916,600
August 2010	3.75	3.20	1,995,300
July 2010	3.07	2.65	1,757,400
June 2010	3.19	2.38	2,261,200
May 2010	2.70	2.05	1,423,300
April 2010	2.20	1.96	1,423,300
March 2010	2.10	1.55	1,629,400
February 2010	1.85	1.55	652,400
January 2010	2.04	1.61	1,547,100

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.

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 ⁽⁶⁾	Principal Occupation ⁽⁶⁾	Director/Officer Since	Number of Commons Shares Held ⁽²⁾⁽³⁾
Dr. Ken Z. Cai ⁽⁵⁾ Vancouver, B.C. Chief Executive Officer and Director	Director, President & CEO of Minco Gold Corporation; from February 1996 to present; President and Director of Minco Base Metals Corporation from May, 2007 to present.	August 20, 2004	612,500 ⁽⁴⁾
William Meyer ⁽⁵⁾⁽¹⁾⁽⁷⁾ Vancouver, B.C. Director	Director, 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	25,000
Dwayne Melrose Beijing, China VP, Exploration	Director and VP, Exploration for Minco Gold Corporation from May 2007 to present; VP, Exploration for Minco Silver Corporation from May 2007 to present; Director 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;	May, 2007	14,666
Wayne Spilsbury ⁽¹⁾⁽²⁾ Perth, Western Australia, Australia Director	Geologist; Retired from Teck Resources in 2009 after 28 years in various roles in their exploration division. He has worked in mineral exploration throughout Western Canada, the United States, Asia, and Australia. Mr. Spilsbury is a Member of the Association of Professional Engineers and Geoscientists of British Columbia and a Fellow of Australasian Institute of Mining and Metallurgy.	March 9, 2009	Nil

Name, Municipality and Province of Residence and Position with the Company ⁽⁶⁾	Principal Occupation ⁽⁶⁾	Director/Officer Since	Number of Commons Shares Held ⁽²⁾⁽³⁾
Chan-Seng Lee ⁽¹⁾⁽⁵⁾ Vancouver, B.C. Director	Chartered Accountant; Currently 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	35,900
George Lian Vancouver, B.C. Director	President of Canada China Business Association in Canada; M.A. Degree in Economics from Concordia University, Montreal; M.B.A from Shanghai Jiao Tong University, Shanghai, China; Practiced law for six years in Guangzhou, Guangdong, China; Advisor for many private investment and media companies in Canada; and Director for several charity societies in Canada.	June 28, 2010	Nil
Paul Zhang ⁽⁵⁾ Vancouver, B.C. Vice President of Finance & Chief Financial Officer	Chartered Accountant of Canada, Certified Public Accountant of Illinois USA, Bachelor of Business Administration from Simon Fraser University; Vice President of Finance & CFO of Minco Gold Corporation (TSX: MMM; NYSE/Amex: MGH) from June 9, 2009 to present; Vice President of Finance & CFO of Minco Base Metals Corporation from June 9, 2009 to present; CFO of Migao Corporation (TSX: MGO) from 2005 to April 2008; CFO of Mountain China Resorts (Holding) Limited (TSX-V: MCG) from May 2008 until January 2009; Director of Nesscap Energy Inc. (TSX-V: NCE) from September 2008 until January 2011; Director and Chairman of audit committee of Kaiyue International Inc. (TSX-V: KYU.P) from August 2010 to present; Managing Partner of Zhang & Du LLP, Chartered Accountants, a public practice firm in Toronto, from 2003 to 2005.	June 8, 2009	Nil

Name, Municipality and Province of Residence and Position with the Company ⁽⁶⁾	Principal Occupation ⁽⁶⁾	Director/Officer Since	Number of Commons Shares Held ⁽²⁾⁽³⁾
Ellen Wei ⁽²⁾⁽⁵⁾ Richmond, B.C. Controller	Appointed Corporate Controller of Minco Mining in January 2009 to present; Served as the CFO for Minco Mining (China) Ltd. 2005 – 2009; Member of the I.C.A. of British Columbia; Certified Public Accountant in the U.S.; CPA designation in China; has more than 10 years experiences with a major Chinese auditing firm; 3 years with Ernst & Young LLP; former Controller of Dragon Pharmaceuticals Inc., a listed Company in the United States.	January 9, 2009	Nil
Jennifer Trevitt ⁽²⁾⁽⁵⁾ Vancouver, B.C. Corporate Secretary	Certified Paralegal with 12 years of Canadian and US Securities experience. Corporate Secretary Minco Gold Corporation, July 23, 2009 to Present, Paralegal for 3 TSX-V listed mining companies, a US Public company and two law firms in Vancouver from 1999 to 2009. From 1992 to 1999 Ms. Trevitt worked for the Insurance Corporation of British Columbia as a Paralegal.	July 23, 2009	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: 762,500 options are held by Dr. Ken Cai; 175,000 options are held by William Meyer; 316,667 options are held by Dwayne Melrose; 300,000 options are held by Wayne Spilsbury; 220,000 options are held by Chan-Seng Lee; 300,000 are held by George Lian, 288,700 options are held by Paul Zhang; 90,000 options are held by Ellen Wei and 100,000 options are held by Jennifer Trevitt.
- (3) The directors, nominees, officers and other members of management of the Company, as a group, beneficially own, directly or indirectly, 3,240,933 common shares of the Company, including options to purchase common shares. In addition, Minco Gold Corporation which has common directors with the Company, hold a further 13,000,000 common shares (see footnote 4 below). In aggregate, these shares represent approximately 28.23% 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 22.59% of the total issued and outstanding common shares of the Company.
- (5) Resident of Canada
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.
- (7) Mr. Meyer resigned as a Director on March 28, 2011.

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 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, has 25 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. It is anticipated that Dr. Cai will spend approximately 70% 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 Resources 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); 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).

Wayne Spilsbury *Director*

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

Mr. Spilsbury is a Member of the Association of Professional Engineers and Geoscientists of British Columbia, a Graduate and Member of Australian Institute of Company Directors, a Member of Australian Institute of Geoscientists and a Fellow of Australasian Institute of Mining and Metallurgy. Mr. Spilsbury serves as a director of the following publicly-traded companies: Pioneer Resources Limited, an ASX listed company (Non-Executive Director) and GGL Resources Corporation, a TSX Venture listed company (Director).

Chan-Seng Lee, Director

Chan-Seng Lee has been a director of Minco Silver since December 2004. He is presently the 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.

George Lian, Director

Mr. George Lian holds a M.A. degree in Economics from Concordia University, Montreal, Quebec, Canada, as well as a M.B.A. degree from Shanghai Jiao Tong University, Shanghai, China. He practiced as a licensed lawyer for six years in Guangzhou, Guangdong, China. During his career he also acted as an advisor for many private investment and media companies in Canada. He is the President of Canada China Business Association, Canada and a director of several charity societies in Canada.

Paul Zhang, Vice President of Finance & Chief Financial Officer

Mr. Zhang was appointed as the Company’s Chief Financial Officer and Vice President of Finance in June 2009. A Chartered Accountant of Canada and a Certified Public Accountant of Illinois USA, Mr. Zhang brings over 15 years of accounting/finance experience in various industries since graduated from Simon Fraser University, Canada with a degree in Business Administration. Mr. Zhang served as the inaugural CFO of Migao Corporation (TSX:MGO), a specialty potash fertilizer producer based in China, from 2005 to April 2008. He was the managing partner of Zhang & Du LLP, a public practice firm in Toronto from 2003 to 2005. Most recently before joining the Company, he served as the CFO for a ski resorts developer and operator based in China. A resident and citizen of Canada, Mr. Zhang came to Canada from China in 1988 to study at Simon Fraser University. He is bi-lingual in English and Chinese with an in-depth understanding of the unique Chinese culture and business practices.

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.

Ellen Wei, Controller

Ms. Wei has been with the Company since February 2005 and was appointed Corporate Controller in January 2009. Ms. Wei is a member of the Institute of Chartered Accountants of British Columbia and a Certified Public Accountant in the United States. She also has a CPA designation in China. Ms. Wei has more than 10 years

experiences with a major Chinese auditing firm and 3 years with Ernst & Young LLP respectively. Before appointed as Corporate Controller, she served as the CFO for 4 years for Minco Mining (China) Ltd.

Jennifer Trevitt, *Corporate Secretary*

Ms. Trevitt has been with the Company since March 2009, was appointed Corporate Secretary in July 2009 and also serves as Corporate Secretary for Minco Gold Corporation and Minco Base Metals Corporation. She is a Capilano College certified Paralegal who has worked in the Securities/Corporate finance industry for 11 years for Canadian and US public companies. She also worked as a Paralegal for the Insurance Corporation of British Columbia for 7 years.

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 has an Audit Committee, comprised of Messrs. Lee, Meyer and Spilsbury, all of whom are independent directors. Mr. Lee acts as Chairman of the Audit Committee.

Nomination Committee

The Company has a Nomination Committee, comprised of Messrs. Lee, Meyer and Spilsbury, all of who are independent directors. Mr. Spilsbury acts as Chairman of the Nomination 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 President & CEO and a Director of Minco Base Metals Corporation and Minco Gold Corporation, Dwayne Melrose is a Director of Minco Base Metals Corporation and a Director and Vice President of Exploration of Minco Gold Corporation and William Myer is a Director of Minco Base Metals Corporation.

On March 6, 2009 a cease trade order was issued against Minco Base Metals Corporation by the British Columbia Securities Commission, and on March 11, 2009 a temporary cease trade order was issued against Minco Base Metals Corporation by the Ontario Securities Commission. On April 9, 2009 a cease trade order was issued against Minco Gold Corporation by the British Columbia Securities Commission, and on April 14, 2009 a temporary cease trade order was issued against Minco Gold Corporation by the Ontario Securities Commission.

The cease trade orders were all issued in response to Minco Base Metals Corporation's and Minco Gold Corporation's failure to file its financial statements within the time periods mandated by National Instrument 51-102. The cease trader orders were revoked by the British Columbia Securities Commission on April 17, 2009 for Minco Gold Corporation and March 19, 2009 for Minco Base Metals. The Ontario Securities Commission revoked the cease trade order for Minco Gold Corporation on April 29, 2009. As of the date of this Annual Information Form there are no cease trade orders with respect to Minco Base Metal's Corporation or Minco Gold Corporation and all financial statements have been filed with the necessary regulatory authorities.

Ken Cai was 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 Annual Information Form 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

We become involved in litigations in order to collect and realize on our loan to Sterling in the amount of USD\$5,000,000 as a part of our business transactions (*see General Development of Our Business*). This Section describes important legal proceedings that you should be aware of. While we cannot predict the final outcome of the ongoing litigation described below, based on the information currently available and management's assessment of the merits of the litigation, management believes that the resolution of the litigation will not have a material and negative effect on our consolidated financial position or results of operations. We believe that we have a strong position that we intend to vigorously defend and peruse.

On February 18, 2009 Sterling's Board of Directors and management of the time resolved without the consent or knowledge of the Company and Sterling's other creditors or Shareholders to terminate the Lease to the Sunshine Mine (the "Sunshine Lease"), Sterling's main operating asset to return the Sunshine Mine back to Sunshine Precious Metals, Inc., the original owner and lessor under the Sunshine Lease ("SPMI").

On February 24, 2009 Sterling turned over possession of the Sunshine Mine to SNS Silver Corporation, a Vancouver based company listed on the Toronto Stock Venture Exchange ("SNS Silver").

On April 13, 2009 SPMI re-leased the Sunshine Mine to SNS.

Pre Sterling's Bankruptcy

To protect the Company's investment in Sterling Minco Silver filed a foreclosure action in the Idaho State Court for the County of Shoshone on February 18, 2009 the Company was granted a temporary restraining order restraining Sterling its officers, directors, agents and employees from removing, selling, destroying, disposing or concealing any of Sterling's assets including the Sunshine Mine under Lease and order appointing a receiver.

Additionally on March 2, 2009 Minco Silver filed in the Idaho State Court for the County of Shoshone a motion in against David Greenaway, a Director of Sterling and a Director and President & CEO of SNS Silver for violation of the Temporary Restraining Order and for Sanctions and a complaint against SMPI and SNS Silver

for injunctive relief and damages seeking an injunction preventing SMPI and SNS Silver from entering into any lease of the Sunshine Mine, personal or real property that is the subject of the Sunshine Lease.

However on March 3, 2009 the Company's state court actions were stayed in favour of Sterling filing a chapter 11 bankruptcy petition in the United States Bankruptcy Court for the District of Idaho. (the "Court").

Post Sterling's Bankruptcy

The Company is providing assistance to Sterling as such with the aid of Minco Silver Sterling filed:

- a) on March 13, 2009 a complaint against SPMI and SNS Silver for turnover of all real and personal property subject to the Sunshine Mining Lease including the Sunshine Mine;
- b) on March 25, 2009 a motion a order for Sterling to assume the Sunshine lease; and
- c) on April 24, 2009 a motion for approval of Post Petition Financing to be advanced by Minco Silver.

On May 15, 2009 the Court handed down a memorandum of decision declaring the Sunshine Lease was not terminated pre-bankruptcy and providing Sterling the right to assume and cure the Sunshine Lease and approval of Minco Silver's Post Petition Financing to Sterling as a line of credit up to USD\$1,000,000.

On August 21, 2009 the Court handed down a second memorandum of decision declaring the monetary amounts required to cure the Sunshine Lease to bring the sunshine lease into good standing and approved Minco Silver's Supplemental Post Petition Financing to Sterling as an increased line of credit up to an additional USD\$2,000,000.

On January 26, 2010, the Company settled with the EPA and the Tribe penalties in the amount of US\$1,250,000 on the 7% NSR royalty payable pursuant to the Consent Decree Judgment between Sterling, the EPA and the Tribe. This Settlement completes the outstanding cure amount to the Sunshine Lease.

On March 2, 2010, the Bankruptcy Court approved a settlement achieved in principle on January 26, 2010 of the penalties due and owing to the Tribe and the EPA on the 7% NSR pursuant to the Consent Decree Judgment in the amount of US\$1,250,000 bringing the Sunshine Lease into good standing. The Bankruptcy Court also approved a third post petition supplemental financing offer from Minco Silver to finance the settlement and Sterling's continued administrative and the care and maintenance costs of the Sunshine Mine to April 15, 2010 in the amount of US\$2,000,000.

As of the date of this Annual Information Form the remaining outstanding issues remain before the Court.

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.

Title of Class	Identity of Holder	Amount Owned	Percent of Class
Common shares	Minco Gold Corporation	13,000,000	22.59%
Common Shares	Blue Sky Strategic Holdings I Ltd.	3,000,000	5.21%

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

In 2010, the Company paid consulting fee to MLK Capital Corporation, a consulting company controlled by Ken Cai, in the amount of \$509,186 (December 31, 2009 \$197,312). The consulting fee is included in development costs, exploration costs, management fees and investor relations in the Company's Audited Financial Statements for the year ended December 31, 2009.

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.

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:

1. Confirmation agreement dated August 24, 2006 among the Company, Minco Gold and Minco China described under "Description of Mineral Properties – Fuwan Silver Property" herein.
2. Assignment agreement dated March 10, 2010 among the Company, Minco Gold and Minco China described under "Description of Mineral Properties – Fuwan Silver Property" herein.
3. Cost Sharing Agreement dated March 10, 2010 between the Company and Minco Gold described under "Description of Mineral Properties – Fuwan Silver Property" herein.
4. The consulting agreements in connection with remuneration to certain members of management as described under "Interest of Management and Others in Material Transactions" herein.

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, 2010, and to the date of this Annual Information Form: (i) The Company's auditor, PricewaterhouseCoopersLLP, are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia and prepared an audit report as auditors of the Company, in connection with the audit of the Company's annual financial statements for the year ended December 31, 2010; (ii) Mr. Jianhui (John) Huang, P.Eng., Mr. S. Byron V. Steward, P. Eng., Mr. Aleksander (Sasha) Zivkovic, P.Eng and Mr. Scott Cowie, B. Eng, MAuSIMM, each of Wardrop and Mr. Eugene Puritch, P. Eng. Of P&E Mining Consultants Inc. are each "qualified persons" as defined by National Instrument 43-101 and which is referred herein. None of the above-noted persons or companies holds 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.

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 ⁽¹⁾	Financially Literate ⁽²⁾
William Meyer	Independent ⁽¹⁾	Financially Literate ⁽²⁾
Wayne Spilsbury	Independent ⁽¹⁾	Financially Literate ⁽²⁾

- (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 actually 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, 2009	215,283	11,540	-	
December 31, 2010	71,676	21,764		13,755

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, 2010. Additional information relating to the Company may be found on SEDAR at www.sedar.com.