

Minco Silver Corporation

Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2017 and 2016

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

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of condensed consolidated interim financial statements; they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed consolidated interim financial statements of Minco Silver Corporation have been prepared by, and are the responsibility of, the Company's management. The accompanying unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting.

Minco Silver Corporation's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Canadian Institute of Chartered Professional Accountants for a review of condensed consolidated interim financial statements by an entity's auditor.

Dr. Ken Cai
President and CEO

Larry Tsang, CPA, CA
Chief Financial Officer

Vancouver, Canada

August 14, 2017

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Minco Silver Corporation

Condensed Consolidated Interim Statements of Financial Position

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

	June 30, 2017	December 31, 2016
Assets	\$	\$
Current assets		
Cash and cash equivalents (note 3)	20,027,626	20,195,199
Short-term investments (note 4)	28,485,231	31,410,880
Investment in marketable securities (note 7)	371,084	-
Receivables	774,531	541,293
Due from related parties (note 9)	184,783	163,167
Prepaid expenses and deposits	144,305	202,213
	<u>49,987,560</u>	<u>52,512,752</u>
Mineral interests (note 5)	59,442,844	59,141,579
Property, plant and equipment	<u>240,217</u>	<u>295,612</u>
	<u>109,670,621</u>	<u>111,949,943</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	234,194	424,635
Due to related parties (note 9)	21,127	205,145
	<u>255,321</u>	<u>629,780</u>
Equity		
Equity attributable to owners of the parent		
Share capital (note 8)	107,522,932	107,216,932
Contributed surplus	24,011,189	22,682,099
Accumulated other comprehensive income	5,938,694	6,795,087
Deficit	(39,169,119)	(36,692,296)
	<u>98,303,696</u>	<u>100,001,822</u>
Non-controlling interest (note 6)	<u>11,111,604</u>	<u>11,318,341</u>
Total equity	<u>109,415,300</u>	<u>111,320,163</u>
Total liabilities and equity	<u>109,670,621</u>	<u>111,949,943</u>

Approved by the Board of Directors:

(signed) Maria Tang Director

(signed) George Lian Director

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

Minco Silver Corporation

Condensed Consolidated Interim Statements of Operations and Net Loss

For the three and six months ended June 30, 2017 and 2016

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Administrative expenses				
Audit, legal and regulatory	37,853	89,079	78,439	149,712
Amortization	19,092	26,546	38,089	51,027
Consulting	21,485	30,302	41,231	47,548
Directors' fees	25,250	22,250	50,500	49,750
Field office expenses	124,478	91,679	220,886	250,141
Investor relations	531	3,170	11,298	64,988
Office administration expenses	75,895	58,405	112,526	146,506
Rent	88,039	98,757	167,278	233,290
Salaries and benefits	150,688	152,689	289,078	281,859
Share-based compensation (note 8(b))	839,279	67,404	1,122,202	140,570
Travel and transportation	10,247	18,843	26,771	33,087
	1,392,837	659,124	2,158,298	1,448,478
Operating loss	(1,392,837)	(659,124)	(2,158,298)	(1,448,478)
Finance and other income (expenses)				
Foreign exchange gain (loss)	(458,197)	179,738	(667,881)	(1,375,694)
Unrealized loss on investment (note 7)	(5,108)	-	(5,800)	-
Interest income	159,663	185,547	284,398	362,274
Other income (expenses)	(8,719)	9,358	(8,797)	9,358
Net loss for the period	(1,705,198)	(284,481)	(2,556,378)	(2,452,540)
Net loss attributable to:				
Shareholders of the Company	(1,653,585)	(257,565)	(2,476,823)	(2,370,467)
Non-controlling interest	(51,613)	(26,916)	(79,555)	(82,073)
	(1,705,198)	(284,481)	(2,556,378)	(2,452,540)
Loss per share – basic and diluted	(0.03)	(0.00)	(0.04)	(0.04)
Weighted average number of common shares outstanding – basic and diluted	60,665,424	59,881,268	60,546,729	59,758,755

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

Minco Silver Corporation

Condensed Consolidated Interim Statements of Comprehensive Loss

For the three and six months ended June 30, 2017 and 2016

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

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Net loss for the period	(1,705,198)	(284,481)	(2,556,378)	(2,452,540)
Other comprehensive loss				
Exchange differences on translation from functional to presentation currency	(891,668)	(2,816,378)	(983,575)	(8,598,575)
Comprehensive loss for the period	<u>(2,596,866)</u>	<u>(3,100,859)</u>	<u>(3,539,953)</u>	<u>(11,051,115)</u>
Comprehensive loss attributable to:				
Shareholders of the Company	(2,430,171)	(2,699,842)	(3,333,216)	(9,820,246)
Non-controlling interest	(166,695)	(401,017)	(206,737)	(1,230,869)
	<u>(2,596,866)</u>	<u>(3,100,859)</u>	<u>(3,539,953)</u>	<u>(11,051,115)</u>

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

Minco Silver Corporation

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the six months ended June 30, 2017 and 2016

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

	Changes in Shareholders' Equity							
	Number of Shares	Share capital \$	Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Subtotal \$	Non-controlling interest	Total equity
Balance - January 1, 2016	59,631,418	106,630,256	22,977,633	14,813,721	(34,468,043)	109,953,567	12,760,905	122,714,472
Net loss for the period	-	-	-	-	(2,370,467)	(2,370,467)	(82,073)	(2,452,540)
Other comprehensive loss	-	-	-	(7,449,779)	-	(7,449,779)	(1,148,796)	(8598,575)
Share-based compensation	-	-	355,300	-	-	355,300	-	355,300
Proceeds on issuance of shares from exercise of options	438,329	451,933	(172,201)	-	-	279,732	-	279,732
Balance – June 30, 2016	60,069,747	107,082,189	23,160,732	7,363,942	(36,838,510)	100,768,353	11,530,036	112,298,389
Balance - January 1, 2017	60,246,413	107,216,932	22,682,099	6,795,087	(36,692,296)	100,001,822	11,318,341	111,320,163
Net loss for the period	-	-	-	-	(2,476,823)	(2,476,823)	(79,555)	(2,556,378)
Other comprehensive loss	-	-	-	(856,393)	-	(856,393)	(127,182)	(983,575)
Share-based compensation	-	-	1,444,789	-	-	1,444,789	-	1,444,789
Proceeds on issuance of shares from exercise of options	435,001	306,000	(115,699)	-	-	190,301	-	190,301
Balance – June 30, 2017	60,681,414	107,522,932	24,011,189	5,938,694	(39,169,119)	98,303,696	11,111,604	109,415,300

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

Minco Silver Corporation
Condensed Consolidated Interim Statements of Cash Flows
For the six months ended June 30, 2017 and 2016

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

	2017	2016
	\$	\$
Operating activities		
Net loss for the period	(2,556,378)	(2,452,540)
Adjustments for:		
Amortization	38,089	51,027
Foreign exchange loss	667,881	1,375,694
Share-based compensation (note 8(b))	1,122,202	140,570
Unrealized loss on investment in marketable securities	5,800	-
Changes in items of working capital:		
Receivables	(241,422)	(221,295)
Prepaid expenses and deposits	56,952	20,605
Accounts payable and accrued liabilities	(188,566)	(389,593)
Due to related parties (note 9)	(206,859)	(248,323)
Net cash used in operating activities	<u>(1,302,301)</u>	<u>(1,723,853)</u>
Financing activities		
Proceeds from stock option exercises	190,301	279,732
Net cash generated from financing activities	<u>190,301</u>	<u>279,732</u>
Investing activities		
Development costs	(624,460)	(901,726)
Property, plant and equipment	14,914	(6,259)
Purchase of investment in marketable securities	(376,884)	-
Purchase of short-term investments	(6,569,341)	(19,478,314)
Redemption of short-term investments	8,872,639	13,691,340
Net cash generated (used) in investing activities	<u>1,316,868</u>	<u>(6,694,959)</u>
Effect of exchange rates on cash and cash equivalents	<u>(372,441)</u>	<u>(1,836,859)</u>
Decrease in cash and cash equivalents	(167,573)	(9,979,939)
Cash and cash equivalents - Beginning of period	<u>20,195,199</u>	<u>26,202,564</u>
Cash and cash equivalents - End of period	<u>20,027,626</u>	<u>16,226,625</u>

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

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2017 and 2016

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

1. General information

Minco Silver Corporation (“Minco Silver” or the “Company”) is engaged in exploring, evaluating and developing precious metals mineral properties and projects. Minco Silver was incorporated on August 20, 2004 under the laws of British Columbia, Canada and its Common Shares are listed on the Toronto Stock Exchange (“TSX”) and trades under the symbol “MSV”. The Company’s registered office is 2772 – 1055 West Georgia Street, Vancouver, British Columbia, Canada.

2. Basis of preparation

These condensed consolidated interim financial statements include the accounts of Minco Silver Corporation and its subsidiaries, Minco Yinyuan Co. (“Minco Yinyuan”), Minco Investment Holding HK Ltd (“Minco HK”), Changfu Minco Mining Co. Ltd, formerly Foshan Minco Fuwan Mining Co. Ltd., (“Changfu Minco”), Zhongjia Jinggu Limited (“Zhongjia”), Minco Resource Limited (“Minco Resources”), Minco Mining (China) Corporation (“Minco China”), Yuanling Minco Mining Ltd. (“Yuanling Minco”), Tibet Miming Co. Ltd. (“Tibet Minco”), Huaihua Tiancheng Mining Ltd. (“Huaihua”), Beijing Minco International Resources Investment Services Ltd. (“Minco International Resources”) and its 51% interest in Mingzhong Mining Co. Ltd. (“Mingzhong”). Changfu Minco is subject to a 10% net profit interest held by Guangdong Geological Bureau (“GGB”). The Company, indirectly through Changfu Minco, owns 90% of Zhongjia.

Information about subsidiaries as at June 30, 2017 is as follows:

Name	Principal activities (ownership)	Country of Incorporation
Minco Yinyuan	Treasury company (100%)	China
Minco HK	Holding company (100%)	China
Changfu Minco	Exploring, evaluating and developing mineral properties (90%)	China
Zhongjia	Service company (90%)	China
Minco Resources	Holding company (100%)	China
Minco China	Exploring and evaluating mineral properties (100%)	China
Yuanling Minco	Exploring and evaluating mineral properties (100%)	China
Tibet Minco	Exploring and evaluating mineral properties (100%)	China
Huaihua	Exploring and evaluating mineral properties (100%)	China
Minco International Resources	Investment and service company (100%)	China
Mingzhong	Exploring and evaluating mineral properties (51%)	China

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These condensed consolidated interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2016, which were prepared in accordance with IFRS as issued by the IASB.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2017 and 2016

(Expressed in Canadian dollars, unless otherwise stated)

2. Basis of preparation (continued)

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those applied in the preparation of the consolidated annual financial statements for the recent year ended December 31, 2016. Certain comparative financial information for the six months ended June 30, 2016 has been reclassified to conform to the presentation in the current period.

These condensed consolidated interim financial statements were approved by the board of directors for issue on August 14, 2017.

3. Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and term deposits with initial maturities of less than three months.

	June 30, 2017	December 31, 2016
	\$	\$
Cash	3,057,912	2,206,082
Term deposits	16,969,714	17,989,117
	<u>20,027,626</u>	<u>20,195,199</u>

As at June 30, 2017, cash and cash equivalents of \$10,082,223 (December 31, 2016 - \$4,995,478) are kept in China. Remittance of cash back to Canada requires approvals by the relevant government authorities or designated banks in China or both.

4. Short-term investments

As at June 30, 2017, short-term investments consisted of term deposits with original maturities from six months to one year. The yields on these investments were between 1.43% and 2.15%. As at June 30, 2017, short-term investments of \$20,849,975 (December 31, 2016 - \$25,975,769) were kept in China.

5. Mineral interests

	June 30, 2017	December 31, 2016
	\$	\$
Fuwan Silver Deposit (a)	35,584,653	35,287,777
Changkeng Project (c)	23,858,191	23,853,802
Total mineral interests	<u>59,442,844</u>	<u>59,141,579</u>

(a) Fuwan Silver Deposit

Minco Silver has a 90% interest in Changfu Minco, the Company's China's operating subsidiary and permit holder for the Fuwan Silver Project, subject to a 10% net profit interest held by GGB. There will be no distributions to or participation by GGB, until such time as Minco Silver's investment in the project is recovered. GGB is not required to fund any expenditures related to the Fuwan Silver Project. The Exploration Permit for the Fuwan Silver Project is the Luoke-Jilinggang exploration permit, which expires on July 20, 2017.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2017 and 2016

(Expressed in Canadian dollars, unless otherwise stated)

5. Mineral interests (continued)

The Mining Area Permit which defines the mining limits of the Fuwan Silver Project and restricts the use of this land to mining activities expires on April 10, 2018.

Following is a summary of the capitalized development expenditures of the Fuwan Silver Project from January 1, 2017 to June 30, 2017.

	\$
Opening Balance – January 1, 2017	35,287,777
Consulting fees	98,063
Salaries and benefits	163,367
Share-based compensation (note 8)	161,294
Environment impact assessment	1,386
Mining license application	82,715
Travel	14,927
Other	170,008
Effect of change in the exchange rate with Chinese RMB	(394,884)
Ending Balance – June 30, 2017	35,584,653

(a) Fuwan Silver Belt

As at June 30, 2017, the Company had two active exploration permits on the Fuwan Silver Belt: the Hecun Property and the Guyegang-Sanyatang Property. The Guyegang-Sanyatang permit expires on March 17, 2017 (renewal submitted) and the Hecun permit expires on August 12, 2018.

During the six months ended June 30, 2017, the Company did not conduct any regional exploration activities on the Fuwan Silver Belt, except for maintaining the exploration permits.

(b) Changkeng Project

The Changkeng Project immediately adjoins the Fuwan Silver Deposit and the underlying exploration permit expires on September 10, 2017.

The following is a summary of project development costs capitalized to mineral interest from January 1, 2017 to June 30, 2017:

	\$
Opening Balance – January 1, 2017	23,853,802
Mining license application	40,141
Share-based compensation (note 8)	161,294
Salaries and benefits	57,428
Other development costs	301
Effect of change in the exchange rate with Chinese RMB	(254,775)
Ending Balance – June 30, 2017	23,858,191

Minco Silver Corporation

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2017 and 2016

(Expressed in Canadian dollars, unless otherwise stated)

6. Non-controlling interest

Below is a summary of the financial information of Mingzhong, the entity that holds the non-controlling interest of the Company.

Summarized statement for financial position

	June 30, 2017	December 31, 2016
	\$	\$
NCI percentage	49%	49%
Current assets	175,717	272,119
Current liabilities	(229,742)	(109,658)
	<u>(54,025)</u>	<u>162,461</u>
Non-current asset	<u>23,676,109</u>	<u>23,368,426</u>
Net assets	<u>23,622,084</u>	<u>23,530,888</u>
Accumulated non-controlling interests	<u>11,111,604</u>	<u>11,318,341</u>

Summarized income statement

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Net loss	107,007	50,048	162,703	167,495
Loss allocated to NCI (49%)	<u>51,613</u>	<u>26,916</u>	<u>79,555</u>	<u>82,073</u>

Summarized cash flows

	Six months ended June 30, 2017	Six months ended June 30, 2016
	\$	\$
Cash out flows from operating activities	(171,391)	(291,862)
Cash out flows from investing activities	<u>(58,896)</u>	<u>(139,560)</u>

Minco Silver Corporation

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2017 and 2016

(Expressed in Canadian dollars, unless otherwise stated)

7. Investment in marketable securities

During the six months ended June 30, 2017, the Company has acquired a portfolio of common shares of public companies from open market. These investments are designated as fair-value-through-profit-or-loss (FVTPL) financial asset and valued at their fair value at inception and at each subsequent reporting period. The Change in fair value is charged to the Company's statement of operations.

Details of the Company's investment portfolio as at June 30, 2017 are as follows:

Cost	Fair value adjustment	Fair value
\$	\$	\$
376,884	(5,800)	371,084

8. Share capital

(a) Common Shares

Authorized: Unlimited number of common shares without par value.

(b) Long-term Incentive Plan

The Company may grant up to 15% of its issued and outstanding shares as options, restricted share units, performance share units and deferred share units, to its directors, officers, employees and consultants under its long-term incentive plan.

Stock Options

The Company's long-term incentive plan allows the board of directors to grant options for periods of up to ten years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on a date preceding the date the options are granted. These options are equity settled.

During the six months ended June 30, 2017, the Company granted stock options to employees, consultants and directors for the purchase of 4,000,000 common shares at an exercise price of \$1.40 per common share. These options vest over an 18 month period from the grant date and expire on February 19, 2022.

During the six months ended June 30, 2017 The Company used the Black-Scholes option pricing model to determine the fair value of the options with the following assumptions: risk free interest rate of 1.01 % to 1.16%; expected dividend yield of 0%; expected annual volatility of 77% to 79%, expected forfeiture rate of 26%; and estimated option life of 5 years.

Option pricing models require the use of subjective estimates and assumptions including the expected stock price volatility. The stock price volatility is calculated based on the Company's historical volatility. Changes in the underlying assumptions can materially affect the fair value estimates.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

For the three and six months ended June 30, 2017 and 2016

(Expressed in Canadian dollars, unless otherwise stated)

8. Share capital (continued)

A continuity of the options outstanding is as follows:

	Number outstanding	Weighted average exercise price \$
Balance, January 1, 2016	6,485,667	2.16
Exercised	(614,995)	0.59
Expired	(1,305,000)	5.31
Forfeited	(285,000)	2.08
Balance, December 31, 2016	4,280,672	1.43
Granted	4,000,000	1.40
Expired	(1,390,000)	2.35
Exercised	(435,001)	0.44
Forfeited	(257,000)	1.63
Balance, June 30, 2017	6,198,671	1.27

The Company recorded \$1,372,074 of the option component of share-based compensation for the six months ended June 30, 2017 (2016 - \$170,787). The amount of \$1,100,701 (2016 - \$120,432) was recorded in the statement of operations and \$271,374 (2016 - \$50,355) was capitalized to mineral interests (Note 5).

During the six months ended June 30, 2017, the weighted average share price on the day options were exercised was \$1.33. As at June 30, 2017, there was \$1,567,624 (December 31, 2016 - \$107,736) of unrecognized compensation cost relating to unvested options.

<u>Options outstanding</u>				<u>Options exercisable</u>	
Range of exercise prices \$	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number exercisable	Weighted average exercise price \$
0.42 – 0.79	696,671	3.22	0.42	696,671	0.42
0.80 – 0.81	665,000	1.56	0.80	665,000	0.80
0.82 – 1.42	4,000,000	4.64	1.40	-	1.40
1.43 – 1.96	837,000	0.57	1.71	837,000	1.71
	6,198,671	0.60	1.27	2,198,671	1.03

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Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2017 and 2016

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

8. Share capital (continued)

Performance share units (“PSU”)

On February 20, 2017, the Company granted 1,000,000 PSUs to employees and consultants of the Company, whereby 50% of these PSU vest upon the receipt of the final approval for the Environmental Impact Assessment (EIA) report for the Fuwan Silver Project or Changkeng Gold Project or the Combination of both. The remaining 50% vests upon the receipt of the mining license issued by Ministry of Land and Resources (“MOLAR) for the Fuwan Silver Project, or Changkeng Gold Project, or the combination of both (collectively the “Performance Criteria”).

Each PSU represents, on vesting, upon satisfaction of the Performance Criteria over the three-year performance cycle ended February 20, 2020, one common share of the Company.

PSU are fair valued as follows: the portion of the PSU’s related to market conditions is fair valued based on application of a Monte Carlo pricing model or other suitable option pricing models at the date of grant and the portion related to non-market conditions is fair valued base on the market value of the shares at the date of grant. The fair value of the PSU’s was \$1.40 per unit at the grant date. In valuing the fair value of the PSUs, the Company used a forfeiture rate of 26% and an expected life of 3 years as assumptions.

A summary of the PSUs outstanding is as follows:

	Number outstanding	Fair value per unit \$
Balance, January 1, 2016	735,000	0.80
Forfeited	(735,000)	0.80
Balance, December 31, 2016	-	-
Granted	1,000,000	1.40
Balance, June 30, 2017	1,000,000	1.40

During the six months ended June 30, 2017, the Company recorded \$72,715 (2016 - \$184,513) of share-based compensation to account for the vesting of PSUs. Share-based compensation of \$21,501 (2016 - \$20,138) was recorded in the statement of operations and \$51,214 (2016 - \$164,375) was capitalized to mineral interests (Note 5).

9. Related party transactions

(a) Trust agreement with Minco Gold Corp. (“Minco Gold”)

The CEO of Minco Gold is also the CEO of the Company. In addition, Minco Gold holds 11,000,000 common shares of the Company (more than 10% of the Company’s outstanding shares). As such, Minco Gold is considered related to the Company.

During fiscal 2015, Minco Gold sold all of its Chinese subsidiaries to the Company and ceased to have subsidiaries in China. As a result, Minco Gold entered into a trust agreement in 2015 with Minco China, a subsidiary of Minco Silver, to hold the interest of certain remaining assets (the “Retained Assets”) in China on behalf of Minco Gold. As at June 30, 2017, this trust agreement was eliminated and there was no balance owing between the Company and Minco Gold in connection with this trust agreement.

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2017 and 2016

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

9. Related party transactions (continued)

(b) Shared expenses

Minco Silver and Minco Base Metals Corporation (“MBM”), a company with which the Company’s CEO has significant influence over, share offices and certain administrative expenses in Vancouver and in Beijing.

Minco Silver and Minco Gold share offices and certain administrative in Vancouver.

(c) Due to and due from related parties

	June 30, 2017	December 31, 2016
	\$	\$
Due from MBM (i)	184,783	163,167
Due to Minco Gold (ii)	21,127	205,145

(i) \$184,783 is comprised of the shared expenses and other expenditures to be reimbursed by Minco Base Metal. This balance owing has been fully repaid after the period ended June 30, 2017.

(ii) \$21,127 due to Minco Gold was the shared office expenses paid by Minco Gold on behalf of Minco Silver during the six months ended June 30, 2017.

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

During the three months ended June 30, 2017, the Company paid or accrued to Minco Gold \$26,023 (June 30, 2016 – \$26,307) in respect of rent and \$66,048 (June 30, 2016 – \$68,087) in respect of shared administrative and head office expenses.

During the six months ended June, 2017, the Company paid or accrued \$53,170 to Minco Gold (June 30, 2016 – \$68,087) in respect of rent and \$175,073 (June 30, 2016 – \$174,391) in respect of shared administrative and head office expenses.

The above transactions are conducted in the normal course of business.

(d) Key management compensation

During the three and six months ended June 30, 2017 and 2016, the following compensation was paid and accrued to key management. Key management includes the Company’s directors and senior management. Part of this compensation has been charged to the statement of operations and part of it has been capitalized to mineral interests (note 5).

	Three months ended June 30,		Six months ended June 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Cash remuneration	163,988	148,609	326,030	325,311
Share-based compensation	740,193	146,018	1,045,909	266,402
	904,181	294,627	1,371,939	591,713

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three and six months ended June 30, 2017 and 2016

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

10. Geographical information

The Company's business of exploration and development of mineral interest is considered as operating in one segment. The geographical division of the Company's assets is as follows:

	Canada	China	Total
June 30, 2017:	\$	\$	\$
Current assets	20,366,344	29,621,215	49,987,560
Non-current assets	6,653	59,676,408	59,683,061
December 31, 2016:			
Current assets	20,946,132	31,566,620	52,512,752
Non-current assets	8,588	59,428,603	59,437,191

11. Financial instruments and fair value measurements

Financial assets and liabilities that are recognized on the balance sheet at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements. The levels in the hierarchy are:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Financial instruments that are not measured at fair value on the balance sheet are cash and cash equivalent, short-term investments, receivables, due to and from related parties, account payable and accrued liabilities. The fair values of these financial instruments approximate their carrying value due to their short-term nature.

The Company did not have financial assets measured at fair value through profit and loss on December 31, 2016.

On June 30, 2017, the Company had investment in marketable securities of \$371,084 that were measured at fair value at level 1.