ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2005

DATED AS OF MARCH 30, 2006

Minco Silver Corporation
Suite 1980, 1055 West Hastings Street
Vancouver, British Columbia
Canada V6E 2E9

The statements made in this Annual Information Form that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties that could cause actual results to vary materially from the objectives and results described herein. All references to dollars in this Annual Information Form are expressed in Canadian dollars, unless otherwise stated.

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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 forward-looking statements. These risk factors include, but are not limited to, the fact that the Company is in the exploration stage, will need additional financing to develop its properties and will be subject to certain risks since its prospectus are located in China. These risk factors are set forth in more detail in Item 5 – "Description of Business" under "Risk Factors."

GLOSSARY OF MINING TERMS

"**alteration**"	chemical and mineralogical changes in a rock mass resulting from reaction with hydrothermal fluids or changes in pressure and temperature;
"**anomalous**"	adjective describing a sample, location or area at which either (i) the concentration of an element(s) or (ii) a geophysical measurement is significantly different from (generally higher than) the average background concentrations in an area. Though it may not constitute mineralization, an anomalous sample or area may be used as a guide to the possible location of mineralization;
"**anomaly**"	an area defined by one or more anomalous points;
"antimony"	A trivalent and pentavalent metalloid element that is commonly metallic silvery white, crystalline, and brittle yet rather soft;
"**assay**"	an analysis of the contents of metals in mineralized rocks;
"**Au**"	Gold;
"**breccia**"	a coarse grained rock composed of large, >2mm angular rock fragments that have been cemented together in a fine grained matrix;
"**CIM**"	Canadian Institute of Mining, Metallurgy and Petroleum;
"**concentrates**"	to separate ore or metal from its containing rock or earth;
"**deposit**"	a mineralized body which has been physically delineated by drilling, trenching and/or underground work and may contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable orebody until final technical, legal and economic factors have been resolved;
"**diamond drill holes**"	a drilling method whereby rock is drilled with a diamond impregnated, hollow drilling bit which produces a continuous, in-situ record of the rock mass intersected in the form of solid cylinders of rock which are referred to as core;

"**fault**" or "**block fault**"	a fracture in a rock across which there has been displacement. Block faults are usually steep, and break the earth's crust into "blocks" that are displaced vertically and/or laterally relative to each other;
"**g/t**"	unit of grade expressed in grams/tonne;
"**gangue**"	the non economic portion of ore;
"**geophysical**"	the use of geophysical instruments and methods to determine subsurface conditions by analysis of such properties as specific gravity, electrical conductivity, and magnetic susceptibility;
"**gouge**"	a thin layer of soft earthy putty-like rock material along the containing wall of a mineral vein;
"**grade**"	the amount of valuable mineral in each tone of ore, expressed as ounces per ton or grams per tonne for precious metal and as a percentage by weight for other metals;
"**hydrothermal**"	of or pertaining to heated water, to the action of heated water, or to the products of the action of heated water;
"**limestone**"	A sedimentary rock consisting of chiefly >50% calcium carbonate;
"**mineralization**"	the process or processes by which a mineral or minerals are introduced into a rock, resulting in an economically valuable or potentially valuable deposit;
"**mineral reserve**"	the economically mineable part of a measured mineral resource or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting minerals and allowances for losses that may occur when the material is mined;
"**mineral resource**"	a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge;
"**outcrop**"	an exposure on the surface of the underlying rock;
"**oz**"	Troy ounce consisting of 31.1035 grams;
"**Pb**"	Lead;

"**pyrite**"	A sulphide mineral of iron and sulphur;
"**Pyroclastic**"	refers to a sedimentary rock composed or airborne volcanic material from a volcanic eruption;
"**Qualified Person**"	an individual who is an engineer or geoscientist with at least five years experience in mineral exploration, mine development, production activities and project assessment, or any combination thereof, including experience relevant to the subject matter of the project or report and is a member in good standing of an approved self-regulating organization;
"**quartz**"	A common rock-forming mineral comprised of silicon and oxygen (SiO_2);
"sample"	a sample of selected rock chips from within an area of interest;
"**sandstone**"	A medium grained clastic sedimentary rock;
"**Sb**"	Antimony;
"**sedimentary**"	formed by the deposition of solid fragmented material that originates from weathering of rocks and is transported from a source to a site of disposition;
"**sedimentary rock**"	A rock that has been formed by the consolidation of loose sediment that has accumulated in layers;
"**strike**"	the direction or trend that a structural surface takes as it intersects the horizontal;
"**sulphide**"	a class of minerals commonly combining various elements in varying ratios with a sulphur;
"**tonne**"	metric unit of weight consisting of 1000 kilograms;
"**Triassic**"	the period of geological time from 225 to 195 million years before present;
"**vein**"	A tabular mineral deposit formed in or adjacent to faults or fractures by the deposition of minerals from hydrothermal fluids;
"**veinlet**"	A small vein; the distinction between vein and veinlet tends to be subjective; and
"**volcanic**"	pertaining to the activity, structures or rock types of a volcano.

ITEM 3. CORPORATE STRUCTURE

NAME, ADDRESS AND INCORPORATION

Minco Silver Corporation is a British Columbia corporation whose common shares trade on the Toronto Stock Exchange ("TSX") under the trading symbol MSV. The Company was incorporated under the laws of the Province of British Columbia on August 20, 2004 and commenced operations on October 1, 2004. The principal executive office of the Company is located at Suite 1980 - 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9, telephone 604-688-8002. Through joint ventures with Chinese governmental entities, and others, the Company is engaged in the acquisition, exploration and development of precious and base metal mineral projects in the People's Republic of China.

The principal executive office and registered office of the Company is located at Suite 1980, 1055 West Hastings Street, Vancouver, British Columbia, Canada V6E 2E9, telephone number 604-688-8002, fax number 604-688-8030 and email address info@mincomining.ca.

The Company's shares trade on the Toronto Stock Exchange ("TSX") under the trading symbol MSV and are listed in the United States on the Over the Counter market ("OTC") under the symbol MMAXF.

INTERCORPORATE RELATIONSHIPS

On August 20, 2004, Minco Mining caused the Company to be incorporated under the laws of the British Columbia. Minco Mining also incorporated three other subsidiaries: (i) Minco Mining (China) Corporation, a Chinese corporation ("Minco China"); (ii) Minco Silver Ltd., a British Virgin Island corporation ("Minco BVI"); and (iii) Minco Base Metals Corporation, a British Columbia corporation ("Minco Base Metals").

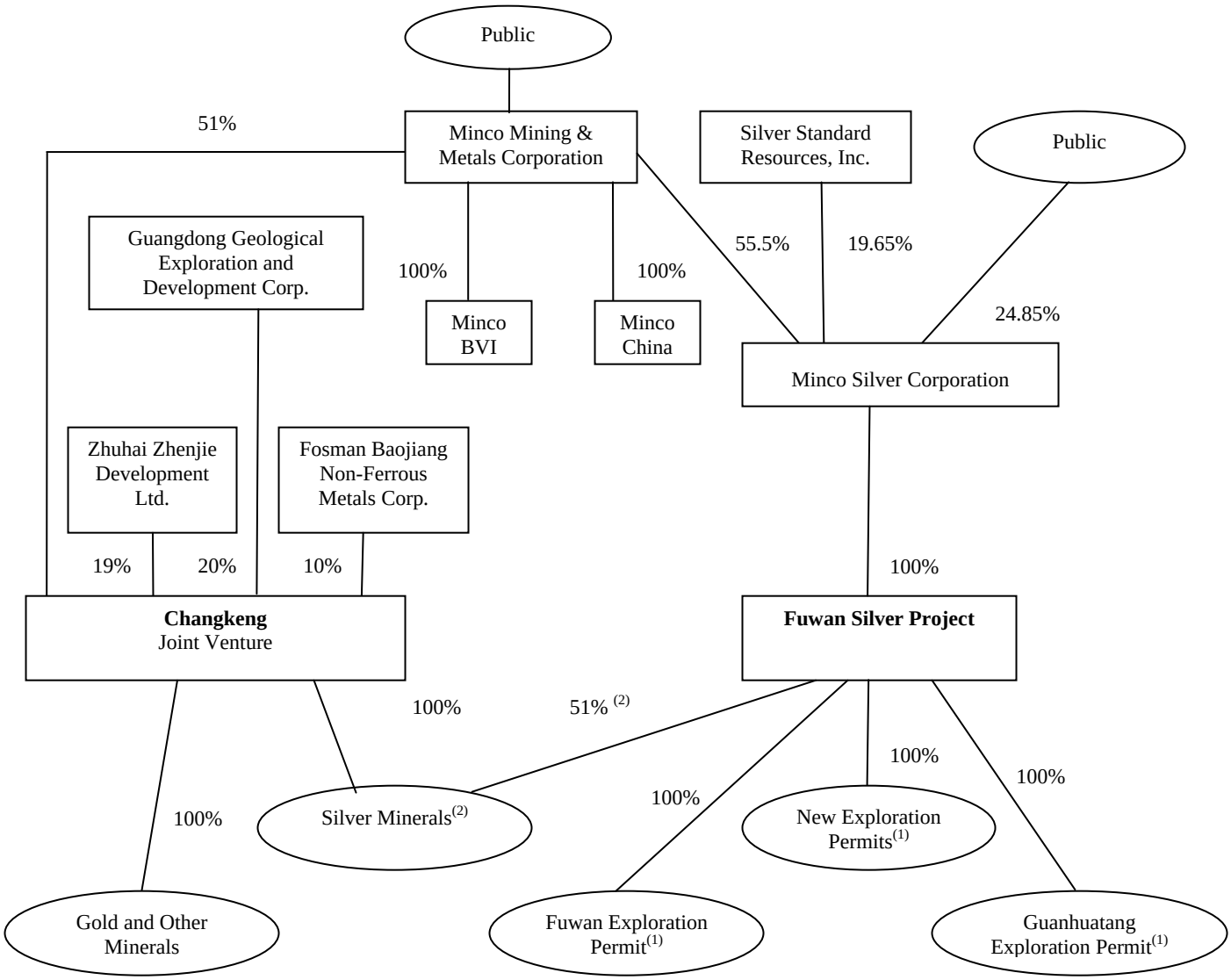
Minco China, Minco BVI and Minco Base Metals are wholly owned by Minco Mining. These subsidiaries were incorporated partly for the purpose of facilitating Minco Mining's plan to segregate its gold, silver and base metal projects into separate corporations.

The incorporation and organization of the Company was the first step in this corporate reorganization and involves the acquisition by the Company of interests in the Fuwan Property and the Changkeng Property, as described below.

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 properties held by each of them, as at the date of this Annual Report.

INTERCORPORATE RELATIONSHIPS



Notes to Intercorporate Relationships:

(1) Registered in the name of Minco China and held in trust for the Company.

(2) The Company's 51% interest in the Changkeng Silver Interest which represents the assignment by Minco Mining of its 51% interest therein is dependent upon Minco Mining maintaining its interests in the Changkeng Property in accordance with the terms of the Changkeng Joint Venture Agreement.

ITEM 4. GENERAL DEVELOPMENT OF THE BUSINESS

THREE YEAR HISTORY

Minco Silver Corporation is a British Columbia corporation whose common shares trade on the Toronto Stock Exchange ("TSX") under the trading symbol MSV. The Company was incorporated under the laws of the Province of British Columbia on August 20, 2004 and commenced operations on October 1, 2004. The principal executive office of the Company is located at Suite 1980 - 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9, telephone 604-688-8002. Through joint ventures with Chinese governmental entities, and others, the Company is engaged in the acquisition, exploration and development of precious and base metal mineral projects in the People's Republic of China.

At present, the Company's property is in the exploration stage and further exploration will be required before final evaluations as to the economic and legal feasibility can be determined. The Company's property has no known body of commercial ore, nor are any such properties at the commercial development or production stage. No assurance can be given that commercially viable mineral deposits exist on any of the Company's properties. Further, the Company's interest in joint ventures, which own properties, will be subject to dilution if the Company fails to expend further funds on the projects. 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."

Overview

The Company is a subsidiary of Minco Mining & Metals Corporation ("Minco Mining") a Canadian and US reporting issuer whose common shares are listed for trading on the Toronto Stock Exchange and the American Stock Exchange. Minco Mining was incorporated under the laws of British Columbia, Canada and is engaged in the acquisition, exploration and development of mineral resource properties in the People's Republic of China ("PRC"). Through Chinese Joint Ventures ("CJV") with Chinese governmental entities and alliances with various mining enterprises in China, Minco Mining has assembled a portfolio of mineral projects in China. Minco Mining Corporation currently holds a total of 14,000,000 Common Shares of the Company or approximately 55.5%.

In 2004, Minco Mining caused the Company to be incorporated under the laws of British Columbia. Minco Mining also incorporated four other subsidiaries: (i) Minco Mining (China) Corporation, a Chinese corporation ("Minco China"); (ii) Minco Silver Ltd., a British Virgin Island corporation ("Minco BVI"); (iii) Triple Eight Mineral Corporation ("Temco"), incorporated in the British Virgin Island and (iv) Minco Base Metals Corporation, a British Columbia corporation ("Minco Base Metals"). Minco China, Minco BVI and Minco Base Metals are wholly owned by Minco Mining. These subsidiaries were incorporated partly for the purpose of facilitating Minco Mining's plan to segregate its gold, silver and base metal projects into separate corporations. The incorporation and organization of the Company is the first step in this corporate reorganization and involves the acquisition by the Company of interests in the Fuwan Property and the Changkeng Property, as described below.

At an Annual General and Special Meeting of Shareholders of Minco Mining held on June 27, 2005 the shareholders of Minco Mining approved the undertaking of a reorganization of its exploration activities through a segregation of silver and base metal activities from its gold properties.

As part of this reorganization, the shareholders of Minco Mining approved the distribution to Minco Mining's shareholders a total of 6,500,000 common shares (*pro-rata* to the shareholders of Minco Mining) of the Company. The distribution is subject to change at the discretion of the Company's board of directors. The distribution is subject to change at the discretion of the Company's board of directors. This is intended to represent a one time distribution leaving Minco Mining with 7,500,000 million common shares in the Company.

The amount of capital reduction will be fixed upon the distribution of the Company's common shares based on their trading value at the distribution date. For example, if the trading value of shares of the Company is $1.00, the capital reduction will amount to $6,500,000. It is anticipated that a court order will not be required to effect the reduction in capital.

Notwithstanding the special resolution passed by the shareholders of Minco Mining, the directors of Minco Mining were authorized and empowered to revoke the resolution at any time prior to the effective date and to determine not to proceed with the reduction of its paid up capital without further approval of the shareholders of the Company. To date there has not been a record date set.

Financial

The Company was incorporated on August 20, 2004 and established its financial year end as December 31. At present the Company has no income from its operations and none of its properties have reserves nor are in production.

The Company's ability to finance the exploration and development, if warranted, of its mineral properties, to make concession payments and to fund general and administrative expenses are therefore dependent upon its ability to secure financing.

In November 2004, the Company completed a non-brokered private placement of 6,000,000 special warrants (the "2004 Special Warrants") at a price of $0.50 each for gross proceeds of $3 million. In May 2005, the Company closed a private placement of 4,276,000 Special Warrants (the "2005 Special Warrants") at a price of $1.25 each for gross proceeds of $5,345,000.

A total of 1,876,000 special warrants were sold on a brokered basis through the Company's agent and the remaining 2,400,000 special warrants were sold by the Company on a non-brokered basis. Included in the non-brokered portion was a subscription by Silver Standard for 960,000 special warrants for aggregate proceeds of $1,200,000.

Each special warrant entitled the holder to be issued one common share of the Company during the period ending the earlier of (i) May 9, 2006; or (ii) the fifth day after a receipt is issued for the prospectus qualifying the conversion of the special warrants. The Company received a receipt for the prospectus on November 8, 2005 and the common shares were issued. The Company paid a cash commission of $187,600 for the funds raised on the brokered portion of the placement plus an underwriting fee of $15,000 and legal and other costs of $46,608.

The May 2005 special warrant offering was the first part of a combined special warrant offering and initial public offering. Regulatory approval of a prospectus, received on November 8, 2005, qualified the conversion of the special warrants into common shares.

On November 8, 2005, a prospectus was receipted by the British Columbia Securities Commission, Alberta Securities Commission and Ontario Securities Commission in respect of an initial public offering by the Company of a minimum of 400,000 of its common shares for $500,000 and the qualification for distribution of 10,276,000 common shares of the Company on conversion of the special warrants, as discussed above.

On December 1, 2005, the Company completed its initial public offering of 920,000 common shares at a price of $1.25 per common share (the "IPO") for gross proceeds of $1,150,000. Blackmont Capital Inc. (the "Agent") was paid a cash commission equal to 8% of the proceeds from the sale of common shares pursuant to the IPO and an underwriting and agency fee of $45,000 and legal and other costs of $11,367.

As additional consideration in connection with the IPO and a previously completed special warrant offering, the Company also granted agents' warrants to the Agent and members of its selling group entitling them to purchase up to 279,600 common shares at an exercise price of $1.25 per common share for a period of 12 months from the IPO closing date and thereafter at a price of $1.50 per common share for an additional six months.

On December 1, 2005, the Company also received approval of its application to list its common shares on the Toronto Stock Exchange ("TSX"). The Company's common shares began trading on the TSX on December 2, 2005. The Company's trading symbol is "MSV". Following conversion of the special warrants and closing of the initial public offering, the Company had 25,196,000 common shares issued and outstanding, of which Minco Mining owned 55.56%, Silver Standard owned 19.69% and public shareholders own 24.75%.

At December 31, 2005, the Company had approximately $7.2 million in working capital which will be used for: i) funding exploration and development activities of the Fuwan silver project and its other properties; ii) acquisition of additional China silver dominant mineral properties; and iii) general corporate purposes.

Changkeng Gold Deposit

The background of Minco Mining's Changkeng gold property is useful in understanding the history and circumstances of the Company's Fuwan Property. On September 28, 2004, Minco Mining signed a 30-year joint venture contract with four other companies in Guangdong for the exploration and development of the Changkeng gold deposit in Gaoyao City of Guangdong Province, China. Pursuant to the contract, Minco Mining and its partners will form a Sino-Foreign Joint Venture known as Guangdong Minco-Jinli Mining Co. Ltd. (the "Jinli JV"), with a total investment of 100 million RMB (approximately $14.7 million), to explore and develop the Changkeng gold deposit. To earn 51% equity interest in the Jinli JV, Minco Mining will contribute 51 million RMB (approximately $7.5 million) in six installments. The information for the six installments is described in detail in the Minco Mining's MD&A for the year 2004 as filed on SEDAR at www.sedar.com.

The Jinli JV is to acquire the Changkeng 119 ha exploration permit from the No. 757 Exploration Team of Guangdong Geological Exploration Bureau. The value of the exploration permit has been appraised at 33 million RMB (approximately $4.85 million) by an independent valuator, which was confirmed by the Ministry of Land and Resources of China. The Jinli JV is to pay the 33 million RMB for the exploration permit in three installments within 360 days of the Jinli title transfer. The remaining 67 million RMB will be used for project exploration and feasibility studies on the mine property.

Silver dominant zones that form part of the Fuwan silver deposit extend underneath the Changkeng exploration permit as zones that are geologically distinct from the Changkeng gold dominant zones. The 51% interest of Minco Mining in the silver dominant zones residing on the Changkeng exploration license was assigned to the Company by Minco Mining pursuant to the assignment agreement dated August 20, 2004.

The original Changkeng exploration permit, which expired in September 2004, was renewed in August 2005 and is presently held by the No. 757 Exploration Team. Minco Mining is presently waiting for completion of the Jinli JV approval process.

Fuwan Silver Deposit

Geological Exploration and Development Corporation ("GGEDC") for the exploration and development of the Fuwan silver property adjacent to Minco Mining's Changkeng gold property in Guangdong Province, China.

The JV was to acquire the Fuwan Silver property exploration permit, through Minco China, from No. 757 Exploration Team. The value of the exploration permit has been appraised at 10,330,000 RMB (approximately $1.52 million) by an independent valuator, and confirmed by the Ministry of Land and Resources of China. The JV is to pay the 10,330,000 RMB for the exploration permit in three installments within 24 months of the title transfer. The balance will be used for project exploration and feasibility studies on the Fuwan Silver Project.

The Company entered into a contract dated January 10, 2006 to explore and develop the Fuwan Silver Property. The contract was entered into by the Company and the Guangdong Geological Exploration and Development Corporation ("GGEDC") to acquire GGEDC's 30% interest in the Fuwan Silver Project. The Company will pay the GGEDC an additional 30% of the evaluated value (10.33 million RMB, or about $1.5 million) of the Fuwan Deposit. With the current existing 70% interest owned by the Company, the Company now owns 100% of the interest of the entire Fuwan Silver Project, including a total of three exploration permits covering a total of 205.63 km2 and the Dadinggang Application.

The Company will be responsible for 100% of the exploration and development expenditures on the Fuwan Silver Project, while GGEDC will retain a 10% net profit interest and provide services and technical support to the Company. As of the date of this Annual Report the Company owns 100% of the Fuwan Project. The Company will not proceed with the incorporation of the joint venture company for the Project. Minco Mining (China) currently holds all the above exploration permits on behalf of the Company.

The Fuwan Property consists of three components:

(i) the resource properties which are the subject matter of the Fuwan exploration permit;
(ii) the resource properties which are the subject matter of the new exploration permits; and
(iii) the Changkeng Silver Interest.

Minco China acquired three silver properties on behalf of the Company. On April 7, 2005, Minco China received three Reconnaissance Survey Exploration Permits from the Ministry of Land and Resources of China on the properties as follows:

a) Guanhuatang silver and multi-metals property;
b) Luoke-Jilinggang silver and multi-metals property; and
c) Guyegang-Sanyatang silver and multi-metals property.

These three exploration licenses are located in the Sanzhou basin, Guangdong Province, China. Two exploration licenses, the Luoke-Jilingang (75.55 sq. km.) and the Sanyatang (91.91 sq. km) with a total area of 167.46 sq. km, cover the major part of the Northeast-trending Fuwan Silver belt which hosts the known gold and silver occurrences in the Sanzhou basin, including Fuwan Silver and Changkeng Gold properties.

Several gold-silver soil anomalies have been discovered on the two licensed areas. Major silver showings were discovered in the Luzhou and Dieping areas through the following-up of the anomalies by the 757 Exploration Team. The Guanhuatang license consists of a total area of 37.38 sq. km located at the south margin of the Sanzhou Basin and covers several silver-copper-lead-zinc occurrences. Exploration work is quite limited in this area.

On April 22, 2005, the application submitted by No. 757 Exploration Team and Minco China for the transfer of the Exploration Permit for Reconnaissance Survey on the Fuwan Silver Property was considered in accordance with all the state's requirements for a title transfer and approved by the Department of Land and Resources of Guangdong Province thereby approving the transfer application. The Company completed 2 verification drill holes on the Fuwan silver project located in Guangdong, China to verify results of drilling reported by the 757 Exploration Team.

Drilling was supervised by Minco China's staff and logging and sampling was undertaken by Minco China's project geologist. Samples from the verification drill holes were analyzed by fire assay (FA) at the Beijing General Institute of Mining and Metallurgy.

In April 2004, Minco Mining hired Mr. Lyle Morgenthaler, B.A.Sc., P.Eng. to prepare a technical report under the guidelines of Canadian National Instrument 43-101 on the project. The Changkeng 43-101 report dated May 27, 2004 was filed with SEDAR on May 31, 2004. On August 22, 2005, the Company retained the services of P & E Mining Consultants Inc. to prepare an updated Technical Report on behalf of Minco Silver Corporation under the guidlelines of Canadian National Instruments 43-101 on the Fuwan Silver Project. The Company filed the 43-101 Report on November 4, 2005 via SEDAR. The information contained below is derived directly from the 43-101 Geological report prepared by P & E Mining Consultants Inc.

SIGNIFICANT ACQUISITIONS AND SIGNIFICANT DISPOSITIONS

PROPERTY ACQUISITIONS IN 2004 AND 2005

A detailed description of each of the following properties is provided in Item 5 – "Description of Mineral Properties."

PROPERTY DISPOSITIONS

The Company has not disposed of any assets or properties of the Company.

DESCRIPTION OF BUSINESS

General Description of Business and Operations

On August 20, 2004 the Company was incorporated under the laws of the British Columbia *Business Corporations Act* ("BCA"), Canada. The Company's principal business activities include the acquisition and exploration of silver properties in China. The Company's common shares trade on the Toronto Stock Exchange ("TSX") under the trading symbol MSV. As at the date of this Annual Report, Minco Mining owns a total of 14,000,000 common shares of the Company or 55.5%. The principal executive office of the Company is located at Suite 1980 - 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9, telephone 604-688-8002. Through joint ventures with Chinese governmental entities, and others, the Company is engaged in the acquisition, exploration and development of precious and base metal mineral projects in the People's Republic of China.

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Background

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Environmental Regulation

The Company does not believe that there are particular environmental regulations that will materially impact its current or future operations.

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 of 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.

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

Ownership and Regulation of Mineral Resources

Exploration for and exploitation of mineral resources in China is governed by the *Mineral Resources Law of the PRC* of 1986, amended effective January 1, 1997, and the *Implementation Rules for the Mineral Resources Law of the PRC*, effective March 26, 1994.

In order to further implement these laws, on February 12, 1998, the State Council issued three sets of regulations: (i) *Regulation for Registering to Explore Mineral Resources Using the Block System*, (ii) *Regulation for Registering to Mine Mineral Resources*, and (iii) *Regulation for Transferring Exploration and Mining Rights* (together with the mineral resources law and implementation rules being referred to herein as the "Mineral Resources Law"). Under the Mineral Resources Law, the Ministry of Land and Resources ("MOLAR") is charged with supervision nationwide of mineral resources prospecting and development.

The mineral resources administration authorities of provinces, autonomous regions and municipalities, under the jurisdiction of the State, are charged with supervision of mineral resources prospecting and development in their respective administration areas. The people's governments of provinces, autonomous regions and municipalities, under the jurisdiction of the State, are charged with coordinating the supervision by the mineral resources administration authorities on the same level.

The Mineral Resources Law, together with the *Constitution of the PRC*, provides that mineral resources are owned by the State, and the State Council, the highest executive body of the State, regulates mineral resources on behalf of the State. The ownership of the State includes the rights to: (i) occupy, (ii) use, (iii) earn, and (iv) dispose of, mineral resources, regardless of the rights of owners or users of the land under which the mineral resources are located.
Therefore, the State is free to authorize third parties to enjoy its rights to legally occupy and use mineral resources and may collect resource taxes and royalties pursuant to its right to earn. In this way, the State can direct and regulate the development and use of the mineral resources of China.

Mineral Resources Permits

The *Provisions in Guiding Foreign Investment and the Industrial Catalogue in Guiding Foreign Investment*, which were updated on April 1, 2002 and January 1, 2005 (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 listed by MOLAR in its regulations, and 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 community 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". A 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 a "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 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 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.

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.

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, labor 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.

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 any foreign investment projects having an investment of US$30 million or more. The State Development Planning Commission and the Ministry of Foreign Trade and Economic Co-operation are authorized by the State Council to approve foreign investment projects of between US$30 million and US$100 million. Provincial authorities are authorized to approve projects less than US$30 million.

Chinese-Foreign Co-Operative Joint Ventures

Legal Framework

Each of the various joint venture entities through which the Company will 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 Foreign Trade and Economic Co-operation ("MOFTEC") and the State Planning Commission ("SPC") in Beijing or their provincial bureaus.

The establishment and activities of each of the Company's joint venture entities are governed by the law of the People's Republic of China on Sino-foreign co-operative joint ventures and the regulations promulgated thereunder (the "China Joint Venture Law"). As with all Sino-foreign co-operative joint venture enterprises, the Company's joint venture enterprises will be subject to an extensive and reasonably well-developed body of statutory law relating to matters such as establishment and formation, distribution of revenues, taxation, accounting, foreign exchange and labor 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. These new regulations have effectively removed the limitations formerly imposed on foreign investment in gold mining. The MOLAR, administers a new computerized central mineral title registry established in Beijing, which has streamlined the application for exploration and mining permits so that a maximum 40-day response time is now guaranteed. Under existing laws, in order to form a mining joint venture, foreign companies must complete three 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 more detailed co-operation agreement which outlines the essential terms of the joint venture which will ultimately be formed. The third 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 State Development Planning Commission (the "SPC") 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 along with the co-operation agreement to the SDPC for what may be described as an approval in principle, 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 Ministry of Foreign Trade and Economic Cooperation ("MOFTEC"), 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 MOFTEC, a joint venture must register with the State Administration of Industry and Commerce (the "SAEC").

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-Foreign Co-operative Joint Venture Enterprise Labor Management Regulations. In compliance with these 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 the relevant Chinese governmental entity, 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 honor its obligations under the joint venture agreement and articles of association in such a manner as to impair the operations of Chinese governmental entitles 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 have agreed or will agree that the matter will first be referred to the Foreign Economics and Trade Arbitration Commission of China Council ("FETACC") for the Promotion of International Trade for Arbitration.

Awards of FETAL are enforceable in accordance with the laws of China before Chinese courts. Resort to Chinese courts to enforce a joint venture contract or to resolve disputes between the parties over the terms of the contract is permissible. However, the parties' may jointly select another internationally recognized arbitration institution to resolve disputes. All of the Company's joint venture agreements stipulate that disagreements between the parties will be arbitrated by an arbitration institution in Singapore.

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 Chinese governmental entity or 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.

The Fuwan Joint Venture

Pursuant to an agreement dated April 16, 2004, as amended September 28, 2004, Minco BVI, as agent for Minco Mining, and Guangdong Geological Exploration and Development Corp. ("GGEDC") entered into a preliminary joint venture agreement for the exploration and development of the property which is the subject of the Fuwan Exploration Permit (the "Preliminary Fuwan Agreement"). The Preliminary Fuwan Agreement provided for the establishment of a CJV to be known as "Guangdong Minco-Nanling Mining Co., Ltd." and to acquire from the 757 Team its interests in an exploration permit for the Fuwan Property. The 757 Team is an entity owned and controlled by the PRC government. The acquisition of the 757 Team's interests in this exploration permit has been completed and the Fuwan Exploration Permit, which replaces the original exploration permit held by the 757 Team, has been issued to Minco China and is held in trust for the Fuwan Joint Venture.

The Company has entered into a contract dated January 10, 2006 to explore and develop the Fuwan Silver Property. The contract was entered into by the Company and the GGEDC to acquire GGEDC's 30% interest in the Fuwan Silver Project. Prior to December 31, 2005, the Company paid the GGDEC 30% share of the first instalment for the Fuwan Silver Property. The Company now owns 100% of the interest of the entire Fuwan Silver Project, including a total of four exploration permits covering a total of 205.63 km^2 and the Dadinggang Application. The Company will be responsible for 100% of the exploration and development expenditures on the Fuwan Silver Project, while GGEDC will retain a 10% net profit interest. The Company will not proceed with the incorporation of the joint venture company for the Project. Minco Mining (China) Corporation currently holds all the above exploration permits on behalf of The Company.

The Fuwan Property consists of three components: (i) the resource properties which are the subject matter of the Fuwan Exploration Permit; (ii) the resource properties which are the subject matter of the Exploration Permits as detailed below; and (iii) the Changkeng Silver Interest.

The Fuwan Exploration Permit has been acquired, through Minco China, from the 757 Team (see "757 Team Agreement" below). In addition, the parties agreed to acquire exploration permits for the adjacent properties through Minco China. To this end, on April 7, 2005, Minco China was issued the following three new Exploration Permits on areas surrounding the area underlying the Fuwan Exploration Permit:

(i) Guanhuatang property (Permit No.0100000510045 expiring April 7, 2008);
(ii) Luoke-Jilinggang property (Permit No.0100000510046 expiring April 7, 2008); and
(iii) Guyegang-Sanyatang property (Permit No.0100000510047 expiring April 7, 2008).

The Changkeng Silver Interest has been acquired by the Company pursuant to the Assignment Agreement. The Changkeng Silver Interest is derived from the Changkeng Exploration Permit.

This permit area does not form part of the Fuwan Property but is held in trust for the Fuwan Joint Venture for possible future exploration. The Company paid RMB 1.5 million (approximately $220,600) to the 757 Team in consideration for the three new exploration permits issued to it. A Permit application is still pending for the Dadinggang property.

The Changkeng Joint Venture

In a separate transaction, Minco Mining, GGEDC, Zhuhai Zhenjie Development Ltd. and Foshan Baojiang Nonferrous Metals Corporation entered into a preliminary joint venture agreement dated April 16, 2004 to explore and develop a mineral property adjoining the Fuwan Property and known as the Changkeng Property. The preliminary joint venture agreement has been superseded by a formal joint venture agreement dated September 28, 2004 (the "Changkeng Joint Venture Agreement") made among the original four parties to the preliminary joint venture agreement and a fifth company, Guangdong Gold Corporation. The Changkeng Joint Venture is at an early stage of development and the Sino-foreign CJV to be established thereunder has not yet been formed and no business license in respect of the Changkeng Joint Venture has been issued.

The target mineral in the Changkeng Property is gold but the property is known to also contain silver mineralization. Minco Mining has assigned its interests in the silver mineralization in the Changkeng Property to the Company on August 20, 2004. GGEDE and Minco Mining, collectively the holders of a 70% interest in the Changkeng Joint Venture, have agreed with the Company that the Changkeng Joint Venture will be responsible for the exploration and development of gold resources on the Changkeng Property whereas the Fuwan Joint Venture will be responsible for the exploration and development of the silver resources on the Changkeng Property.

The gold and silver zones on the Changkeng Property are geologically distinct and can be mined as separate entities without interference. Exploitation of the silver dominant zones on both the Changkeng and Fuwan Properties will be undertaken by the Fuwan Joint Venture, which will receive credit for all associated metals recovered from the silver dominant zones. Exploitation of the gold dominant zones including all associated metals contained in the gold dominant zones on the Changkeng Property will be undertaken by the Changkeng Joint Venture alone and the Fuwan Joint Venture will have no interest in such gold mineralization. The Changkeng Joint Venture has no interest in the Fuwan Property or any mineralization therein.

The term of the Changkeng Joint Venture Agreement is for a period of 30 years. Pursuant to the Changkeng Joint Venture Agreement, Minco Mining and its partners will form a Sino-foreign Joint Venture known as "Guangdong Minco-Jinli Mining Co. Ltd." (the "Changkeng Joint Venture") with a total investment of 100 million RMB (approximately $14.7 million) to explore and develop the Changkeng Property. To earn a 51% equity interest in the Changkeng Joint Venture, Minco Mining will contribute 51 million RMB (approximately $7.5 million) of the total investment in six instalments. The Changkeng Joint Venture is to acquire the Changkeng Exploration Permit from the 757 Team. The Changkeng Joint Venture is to pay the 33 million RMB (approximately $4.85 million) for the Changkeng Exploration Permit in three instalments within 360 days of the transfer of the Changkeng Exploration Permit to the Changkeng Joint Venture. The remaining 67 million RMB (approximately $9.85 million) of the total investment in the Changkeng Joint Venture will be used for project exploration and feasibility studies on the Changkeng Property.

The Changkeng Joint Venture is at an early stage of development. A number of steps must be completed prior to the establishment of Guangdong Minco-Jinli Mining Co. Ltd. In the normal course of events, the establishment of a Sino-foreign CJV can take up to two years. It is anticipated that the Changkeng Exploration Permit will only be transferred to the Changkeng Joint Venture upon the establishment of Guangdong Minco-Jinli Mining Co. Ltd. The original Changkeng Exploration Permit expired in September 2004 but was renewed on September 6, 2005. The renewed Changkeng Exploration Permit expires on September 10, 2006.

The Company's interest in the silver mineralization in the Changkeng Property, acquired through assignment by Minco Mining, is dependent upon Minco Mining maintaining its interests in the Changkeng Property in accordance with the terms of the Changkeng Joint Venture Agreement. In the event that Minco Mining loses or alienates any or all of its interest in the Changkeng Property, Fuwan Joint Venture's interest, and thus the Company's interest, in the silver mineralization underlying the Changkeng Property will be lost.

The Silver Standard Agreement

The Company, Minco Mining and Silver Standard Resources Inc. ("Silver Standard") entered into a strategic alliance agreement dated October 4, 2004 (the "Silver Standard Agreement") pursuant to which they agreed to jointly pursue silver dominant projects in the PRC exclusively through the Company. Initially, the Company will pursue this goal through its participation in the Fuwan Joint Venture. Silver Standard is a Canadian reporting issuer whose common shares are listed for trading on the Toronto Stock Exchange and NASDAQ. Its focus is on the acquisition and development of advanced silver projects in various countries throughout the world. The Company and Silver Standard share two common directors, Mr. Robert Quartermain and Mr. William Meyer. Mr. Quartermain is also the President of Silver Standard.

Under the terms of the Silver Standard Agreement, Silver Standard initially invested $2,000,000 in Minco Silver to acquire a 20% equity interest in that company. This investment took the form of a subscription by Silver Standard for 4,000,000 of the 2004 Special Warrants. Silver Standard also holds preferential purchase rights to participate in future financings of Minco Silver with the ability to increase its equity interest in Minco Silver to a maximum of 30%.

To this end, Silver Standard also purchased 960,000 2005 Special Warrants for an aggregate subscription price of $1,200,000. In December 2005 the 2004 and 2005 Special Warrant were converted and Silver Standard currently holds 4,877,100 common shares of the Company, or 19.33% of the issued and outstanding shares of the Company.

Acquisitions and Dispositions

The Assignment

On August 20, 2004, the Company, Minco Mining, Minco China and Minco BVI entered into an Assignment Agreement whereby Minco Mining, Minco BVI and Minco China assigned to the Company their respective interests in each of the following:

(a) the Preliminary Fuwan Agreement;
(b) the right to earn the 51% interest in the silver mineralization on the Changkeng Property held by Minco Mining pursuant to the Changkeng Joint Venture Agreement (the "Changkeng Silver Interest"); and
(c) the New Exploration Permits acquired and to be acquired by Minco China in respect of certain mineral properties adjoining the Fuwan and Changkeng Properties and known as the Dadinggang, Luoke-Jilinggang, Guyegang and the Guanhuatang properties.

In consideration for the assignment of these interests, the Company issued 14,000,000 Common Shares to Minco Mining.

The Fuwan Joint Venture Agreement

The Company and GGEDC entered into a formal joint venture agreement dated September 28, 2004, as amended November 19, 2004 (the "Fuwan Joint Venture Agreement") which replaces and supersedes the Preliminary Fuwan Joint Venture Agreement. The purpose of the joint venture is to conduct further exploration and to assess the economic viability of developing silver deposits on the Fuwan Property. Pursuant to the Fuwan Joint Venture Agreement, the Company and GGEDC agreed to establish a cooperative joint venture company with limited liability to be known as "Guangdong Minco-Nanling Mining Co., Ltd." to serve as the vehicle through which the business of the Fuwan Joint Venture will be undertaken.

The Fuwan Property consists of three components: (i) the resource properties which are the subject matter of the Fuwan Exploration Permit; (ii) the resource properties which are the subject matter of the Exploration Permits as defined below; and (iii) the Changkeng Silver Interest. The Fuwan Exploration Permit was acquired from the 757 Team (see "757 Team Agreement" below). In addition, the parties agreed to acquire exploration permits for the adjacent properties through Minco China. To this end, on April 7, 2005, Minco China was issued the following three New Exploration Permits on areas surrounding the area underlying the Fuwan Exploration Permit:

(i) Guanhuatang property (Permit No.0100000510045 expiring April 7, 2008);
(ii) Luoke-Jilinggang property (Permit No.0100000510046 expiring April 7, 2008); and
(iii) Guyegang-Sanyatang property (Permit No.0100000510047 expiring April 7, 2008).

A permit application is still pending for the Dadinggang property.

This permit area does not form part of the Fuwan Property but is held in trust for the Fuwan Joint Venture for possible future exploration. The Company paid RMB 1.5 million (approximately $219,594) to the 757 Team in consideration for the three new exploration permits issued to it. Under the terms of the Fuwan Joint Venture Agreement, the Company and GGEDC have estimated the total cost necessary to explore and develop the Fuwan Property to be 30 million RMB (approximately $4,412,000) (the "Total Investment").

Of the Total Investment, 10.33 million RMB (approximately $1.5 million), is to be applied towards the purchase of the Fuwan Exploration Permit from the 757 Team. The balance of the Total Investment will be used to fund exploration and development expenses on the Fuwan Property. As of the date of this Annual Report, the Company has paid a total of 3,031,000 RMB (approximately $446,000) representing 70% of the first installment.

To earn a greater interest in the Fuwan property, the Company paid an additional RMB 1,101,000 (approximately $154,000), through Minco China, to No. 757 Geo-Exploration Team in December 2005, representing the GGEDC's 30% share of the first installment of the Fuwan exploration permit. As of December 31, 2005, the Company had paid RMB 4,132,000 (approximately $600,000) in total, representing 100% of the first installment of Fuwan exploration permit. The Company now owns 100% of the Fuwan Property.

The 757 Team Agreement

Pursuant to an agreement made between 757 Team and Minco China dated November 19, 2004, as amended November 19, 2004 (the "757 Transfer Agreement"), the 757 Team agreed to sell to Minco China its interests in the property which is the subject of the Fuwan Exploration Permit in consideration for the purchase price of 10.33 million RMB (approximately $1.5 million). Pursuant to a confirmation agreement dated May 5, 2005 among Minco Mining, Minco China and the Company, Minco China has confirmed that it holds its interest in the Fuwan Exploration Permit in trust for the Fuwan Joint Venture.

As at the date of this Annual Report, the acquisition of the 757 Team's interests in this exploration permit has been completed and the Fuwan Exploration Permit, which replaces the original exploration permit held by the 757 Team, has been issued to Minco China and is held in trust for the Fuwan Joint Venture. The 757 Transfer Agreement provides that the purchase price for the Fuwan Exploration Permit is to be paid in three instalments as follows:

(a) 40% (4,132,000 RMB or $600,000) within 30 days of receipt of approval from MOLAR to the transfer of the Fuwan Exploration Permit and within one week of Minco China's decision to proceed with the purchase following the receipt of results of a drilling inspection program on the Fuwan Property (the "Commencement Date");

(b) 30% (3,099,000 RMB or $460,000) within 12 months after the Commencement Date; and
(c) 30% (3,099,000 RMB or $460,000) within 24 months after the Commencement Date.

The Commencement Date was established as July 20, 2005. Minco Silver paid 3,031,000 RMB (or $446,000) to the 757 Team, representing its 70% share of the first of the foregoing payments.

To earn a greater interest in the Fuwan Silver Project, Minco Silver paid an additional RMB 1,101,000 (approximately $154,000), through Minco China, to No. 757 Geo-Exploration Team in December 2005, representing the GGEDC's 30% share of the first installment of the Fuwan exploration permit. As of December 31, 2005, Minco Silver had paid RMB 4,132,000 (approximately $600,000) in total, representing 100% of the first installment of Fuwan exploration permit. The Company now owns 100% of the interest of the entire Fuwan Silver Project, including a total of four exploration permits covering a total of 205.63 sq.km. and the Dadinggang Application. Pursuant to the 757 Transfer Agreement, Minco China has also paid 80,000 RMB (approximately $12,000) to the 757 Team as an appraisal fee and 757 Team has provided Minco China all geological information and data in its possession. The $12,000 evaluation fee was paid to Minco China by the Fuwan Joint Venture as of December 31, 2005.

Marketing Plan and Strategies

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

Employees and Premises

The Company currently has share 29 full time employees with Minco Mining, of which nine employees, are located in Vancouver, British Columbia and the other 20 are located in China. The Company has allocated funds to recruit additional consultants to assist with exploration programs of 2006 on its properties in China. The principal executive office of the Company is located at Suite 1980, 1055 West Hastings Street, Vancouver, British Columbia, Canada V6E 2E9, and its telephone number is 604-688-8002, fax number is 604-688-8030. The Company's web site address is www.mincosilver.ca and the general delivery email address is info@mincosilver.ca. The Company leases office space and currently occupies 5,835 sq. ft., which is subleased to other companies.

Risk Factors

In addition to the other information presented in this Annual Report, you should consider the following carefully in evaluating the Company and its business. This Annual Report contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed below and elsewhere in this Annual Report.

Limited Operating History

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

The Company Is In Exploration Stage and Has No Proven Reserves

None of the properties in which the Company has interests are in commercial production, or contain reserves. In order to obtain more reliable information on which to base decisions about possible development of a property, it is necessary to expend significant time and money, and many such properties will not prove to be worth further expense.

The Company may thus expend significant amounts of financing and effort on any one of or all of its properties without finding reserves or reaching a stage of commercial production.

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, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

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

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

The Company Must Obtain Additional Financing to Conduct Exploration on Its Properties

Because the Company is in the exploration stage, it does not have sufficient financial resources available to undertake extensive exploration or, if warranted, development programs. Further exploration or commercial development, if warranted, would require additional financing. There can be no assurance that needed future financing will be available in a timely or economically advantageous manner, or at all.

The Company's Interests in Mining Interests

The Company's interest in the silver mineralization in the Changkeng Property is dependent upon Minco Mining maintaining its interests in the Changkeng Property in accordance with the terms of a joint venture agreement, to which the Company is not a party.

In the event that Minco Mining loses or alienates any or all of its interest in the Changkenhg Property, the Company's interest in the silver mineralization underlying the Changkeng Property will be lost. Under the terms of the above mentioed joint venture agreements, Minco Mining may earn up to 51% interest in the joint venture provided that it invests approximately $7.4 million (RMB51%) in the joint venture. In the event that Minco Mining ceases to make its investment contribution, its interest in the joint venture will be subject to dilution.

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.

None of the Company's Officers and Directors Devote Their Full-Time Efforts to the Company and Certain Directors and Officers may be in a Position of Conflicts of Interest

None of the Company's officers and directors devotes their full-time efforts to the Company. Certain members of our 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. 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.

It May Be Difficult to Enforce Civil Liabilities Against the Company

Because all of the assets of the Company, as well as the Company's jurisdiction of incorporation and the residences of its officers and directors are located outside of the United States, it may be difficult or impossible to enforce judgments granted by a court in the United States against the assets of the Company and its subsidiaries or the directors and officers of the Company who reside outside the United States.

Risks Related to Doing Business in China

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

The Company may have to conduct business through 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"). 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. Under CJV law, the Company will have to satisfy its contribution obligations to joint ventures within the time frame prescribed by the joint venture contract. Failure to satisfy contribution obligations by investors may lead to penalty and the business license being revoked by the governmental authorities. The involvement of joint venture partners can complicate management of operations and result in dilution of the Company's investment. Disputes with joint venture partners or failure to satisfy contribution obligations could have a materially adverse affect on the Company's financial condition and results of operations.

Ownership and Regulation of Mineral Resources is subject to extensive government regulation

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

ITEM 5. DESCRIPTION OF MINERAL PROPERTIES

CHANGKENG GOLD PROPERTY

The background of Minco Mining's Changkeng gold property is useful in understanding the history and circumstances of the Company's Fuwan Property. On September 28, 2004, Minco Mining signed a 30-year joint venture contract with four other companies in Guangdong for the exploration and development of the Changkeng gold deposit in Gaoyao City of Guangdong Province, China. Pursuant to the contract, Minco Mining and its partners will form a Sino-Foreign Joint Venture known as Guangdong Minco-Jinli Mining Co. Ltd. (the "Jinli JV"), with a total investment of 100 million RMB (approximately $14.7 million), to explore and develop the Changkeng gold deposit. To earn 51% equity interest in the Jinli JV, Minco Mining will contribute 51 million RMB (approximately $7.5 million) in six installments. The information for the six installments is described in detail in the Minco Mining's MD&A for the year 2004 as filed on SEDAR at www.sedar.com.

The Jinli JV is to acquire the Changkeng 119 ha exploration permit from the No. 757 Exploration Team of Guangdong Geological Exploration Bureau. The value of the exploration permit has been appraised at 33 million RMB (approximately $4.85 million) by an independent valuator, which was confirmed by the Ministry of Land and Resources of China. The Jinli JV is to pay the 33 million RMB for the exploration permit in three installments within 360 days of the Jinli title transfer. The remaining 67 million RMB will be used for project exploration and feasibility studies on the mine property.

Silver dominant zones that form part of the Fuwan silver deposit extend underneath the Changkeng exploration permit as zones that are geologically distinct from the Changkeng gold dominant zones. The 51% interest of Minco Mining in the silver dominant zones residing on the Changkeng exploration license was assigned to the Company by Minco Mining pursuant to the assignment agreement dated August 20, 2004.

The original Changkeng exploration permit, which expired in September 2004, was renewed in August 2005 and is presently held by the No. 757 Exploration Team. Minco Mining is presently waiting for completion of the Jinli JV approval process.

Location

The Changkeng gold deposit is located approximately 45 km southwest of Guangzhou, the capital city of Guangdong Province, China. The project is located close to well established water, power and transportation infrastructure.

Background

Gold was discovered at Changkeng in early 1990 by systematic follow up of stream sediment and soil geochemical anomalies identified from surveys completed by the Guangdong Provincial government (Regional Geological Survey Team of Guangdong Bureau of Geological Exploration). Illegal, small scale mining began in 1991 and removed most of the oxidized, near surface mineralization.

Based on 8 trenches and 21 diamond drill holes, the Guangdong Provincial exploration team (757 Geological Exploration Team) completed an assessment of the deposit in 1993 and estimated there was potential for 3.43 million tonnes at 7.9 grams gold/tonne (870,000 oz Au). According to Canadian National Instrument 43-101, this resource must be considered conceptual in nature as there has been insufficient exploration to define a mineral resource on the property and it is uncertain if further exploration will result in discovery of a mineral resource on the property.

Since 1949, mineral exploration in China has been performed at all scales by professional geologists and engineers organized into a series of brigades, each with specific mandates, geological, geochemical, mineral deposits evaluation, etc. There is no historical record of gold mining in the area before the discovery of gold in early 1990. Small-scale mining activities began in 1991 and a large portion of the oxidized mineralized zones between lines seven and eight have been mined out. A summary of this history follows:

1959 – 1971	Geological exploration for pyrite, coal and uranium was carried out intermittently by different geological teams.
1986 – 1989	The Chinese government's Regional Geological Survey Team of Guangdong Bureau of Geological Exploration conducted a regional stream-sediment sampling program at 1:200,000 scale. Significant gold and silver geochemical anomalies were delineated in the Changkeng-Fuwan area. The gold and silver anomalies were followed-up with detailed soil sampling at 1:50,000 scale and it was proved that there is good potential for gold-silver mineralization in the area.
1990 – 1994	The Changkeng-Fuwan gold and silver deposits were discovered in 1990 during the following-up of the 1:50,000 soil geochemical anomalies by the 757 Geological Exploration Team ("757 Team"). Detailed exploration was conducted at the Changkeng-Fuwan gold and silver zone and its adjacent area from 1990 to 1995.
1990	Report on reconnaissance investigation of gold mineralization in Changkeng, Gaoyao County, Guangdong Province was completed by the 757 Team.
1992	Geochemical soil sampling and mercury survey over the Luzhou-Shizhou area of 24 square kilometres to the south of Changkeng-Fuwan gold and silver deposits were conducted at 1:10,000 scale. Test drilling over two geochemical anomalies intersected silver mineralization at Deiping and Luzhou areas.
1993	Seismic and electrical surveys were conducted along nine profiles over the Luzhou-Shizhou area. Sections with good potential for gold and silver were delineated.

FUWAN SILVER PROPERTY

On May 26, 2004, Minco Mining announced that it had signed a 30-year joint venture agreement with Guangdong Geological Exploration and Development Corporation ("GGEDC") for the exploration and development of the Fuwan silver property adjacent to Minco Mining's Changkeng gold property in Guangdong Province, China.

The JV was to acquire the Fuwan Silver property exploration permit, through Minco China, from No. 757 Exploration Team. The value of the exploration permit has been appraised at 10,330,000 RMB (approximately $1.52 million) by an independent valuator, and confirmed by the Ministry of Land and Resources of China. The JV is to pay the 10,330,000 RMB for the exploration permit in three installments within 24 months of the title transfer. The balance will be used for project exploration and feasibility studies on the Fuwan Silver Project.

The Company entered into a contract dated January 10, 2006 to explore and develop the Fuwan Silver Property. The contract was entered into by the Company and the Guangdong Geological Exploration and Development Corporation ("GGEDC") to acquire GGEDC's 30% interest in the Fuwan Silver Project. The Company will pay the GGEDC an additional 30% of the evaluated value (10.33 million RMB, or about $1.5 million) of the Fuwan Deposit. With the current existing 70% interest owned by the Company, the Company now owns 100% of the interest of the entire Fuwan Silver Project, including a total of three exploration permits covering a total of 205.63 km2 and the Dadinggang Application.

The Company will be responsible for 100% of the exploration and development expenditures on the Fuwan Silver Project, while GGEDC will retain a 10% net profit interest and provide services and technical support to the Company. As of the date of this Annual Report the Company owns 100% of the Fuwan Project. The Company will not proceed with the incorporation of the joint venture company for the Project. Minco Mining (China) currently holds all the above exploration permits on behalf of the Company.

The Fuwan Property consists of three components:

(iv) the resource properties which are the subject matter of the Fuwan exploration permit;
(v) the resource properties which are the subject matter of the new exploration permits; and
(vi) the Changkeng Silver Interest.

Minco China acquired three silver properties on behalf of the Company. On April 7, 2005, Minco China received three Reconnaissance Survey Exploration Permits from the Ministry of Land and Resources of China on the properties as follows:

a) Guanhuatang silver and multi-metals property;
b) Luoke-Jilinggang silver and multi-metals property; and
c) Guyegang-Sanyatang silver and multi-metals property.

These three exploration licenses are located in the Sanzhou basin, Guangdong Province, China. Two exploration licenses, the Luoke-Jilingang (75.55 sq. km.) and the Sanyatang (91.91 sq. km) with a total area of 167.46 sq. km, cover the major part of the Northeast-trending Fuwan Silver belt which hosts the known gold and silver occurrences in the Sanzhou basin, including Fuwan Silver and Changkeng Gold properties.

Several gold-silver soil anomalies have been discovered on the two licensed areas. Major silver showings were discovered in the Luzhou and Dieping areas through the following-up of the anomalies by the 757 Exploration Team. The Guanhuatang license consists of a total area of 37.38 sq. km located at the south margin of the Sanzhou Basin and covers several silver-copper-lead-zinc occurrences. Exploration work is quite limited in this area.

On April 22, 2005, the application submitted by No. 757 Exploration Team and Minco China for the transfer of the Exploration Permit for Reconnaissance Survey on the Fuwan Silver Property was considered in accordance with all the state's requirements for a title transfer and approved by the Department of Land and Resources of Guangdong Province thereby approving the transfer application. The Company completed 2 verification drill holes on the Fuwan silver project located in Guangdong, China to verify results of drilling reported by the 757 Exploration Team.

Drilling was supervised by Minco China's staff and logging and sampling was undertaken by Minco China's project geologist. Samples from the verification drill holes were analyzed by fire assay (FA) at the Beijing General Institute of Mining and Metallurgy.

In April 2004, Minco Mining hired Mr. Lyle Morgenthaler, B.A.Sc., P.Eng. to prepare a technical report under the guidelines of Canadian National Instrument 43-101 on the project. The Changkeng 43-101 report dated May 27, 2004 was filed with SEDAR on May 31, 2004. On August 22, 2005, the Company retained the services of P & E Mining Consultants Inc. to prepare an updated Technical Report on behalf of Minco Silver Corporation under the guidlelines of Canadian National Instruments 43-101 on the Fuwan Silver Project. The Company filed the 43-101 Report on November 4, 2005 via SEDAR. The information contained below is derived directly from the 43-101 Geological report prepared by P & E Mining Consultants Inc.

Description and Tenure

The Fuwan Property is approximately 45 kilometres southwest of Guangzhou, the capital city of Guangdong Province, China with a geographic location of 112° 49'E and 23° 01'N. The property is comprised of four contiguous exploration permits. Minco China also holds one isolated permit lying due south of the other four and known as the Guanhuatang property. The resource estimate for the Fuwan Property as described in the Technical Report does not include the Guanhuatang property.

The four contiguous permits cover the Fuwan Silver deposit, the Changkeng Gold deposit and the Luoke-Jilinggang and Guyegang-Sanyatang Ag-Polymetal mineralization occurrences along the strike extensions of the Fuwan Silver deposit. The isolated permit to the south is a reconnaissance exploration permit for Ag and polymetals. A sixth permit, the Dadinggang Permit, which covers the north east extension of the Fuwan Silver deposit has been applied for and is currently in the approval process with the Ministry of Lands and Resources.

The property area is located across the boundary of two adjacent counties, with its gold mineralization within Gaoyau County (now called Gaoyau City) and most of its silver mineralization within Gaoming County (now called Gaoming City).

Location, Climate Access, Infrastructure and Physiography

Location & Access

The Fuwan Property is approximately 45 kilometres southwest *direct distance* from Guangzhou, the capital city of Guangdong province. Access to the property is excellent via the Guangzhou-Zhuhai highway which passes through Gaoming City. Travel time from the Guangzhou airport to Gaoming City is approximately one hour and fifteen minutes. The property is located 2 km northwest of the town of Fuwan, population 30,000 and is accessed via a gravel road. The town of Fuwan is well connected by paved highway and expressways to the major cities, including Guangzhou (70 km highway distance), Gaoming (15 km), and Jiangmen (60 km), (see Figure 4-1). The Fuwan Property is also accessible by waterway on the Xijiang River, which can reach major cities like Guangzhou, Zhaoqing and Jiangmen, as well as international waterways in the South China Sea.

Climate and Physiography

Topography of the area is characterized by low hills from 60 to 90 m above sea level (asl) with the highest peak at 133.3 m asl. Outcrops are scarce and most of the area is covered with 5-10 m of overburden where vegetation is dense. The area is hot and humid with an annual average temperature of 21.5°C and annual precipitation of 1681 mm. Surface water and ground water are abundant in the area. Like most of the coastal areas in Southeast China, the area is densely populated.

Local residents are mainly engaged in farming and there are abundant rectangular aerated ponds for fish farming dotting the landscape. The labour force is composed of local residents and a large number of immigrants from inland provinces and is sufficient for various industry needs in the area.

Infrastructure

The town of Fuwan is located 2 km SE of the property along a dirt road which connects it to a major highway system. Electrical power, water, telephone and supplies can be obtained in the town. General labour is readily available but labour more specialized in mining would need to be recruited and/or trained. The property is large enough to accommodate potential tailings, waste disposal areas and potential processing plant sites.

History and Previous Exploration

Previous Exploration

Since 1949, mineral exploration in China has been undertaken at all scales by teams of geologists and engineers. Each team was responsible for a certain region and within each team there were sub-teams with specific mandates such as geology, geochemistry, mineral deposit evaluation, diamond drilling etc. There is no historic record for mining in the property area before the discovery of gold in early 1990. Illegal artisanal mining began in 1991 and most of the oxidized portion of the mineral zones between Lines 3 and 4 on the property were mined out.

From 1994 to 2003 the Fuwan Property was under the ownership of the Guangdong Department of Lands and Resources. In September 2003, land title was transferred to the 757 Geo-Exploration Team of Guangdong Province. In July 2005, the Fuwan permit was transferred to Minco-China. Once the paperwork is processed, this permit and the other exploration permits presently held by Minco-China in the Fuwan area will be transferred to the Joint Venture. At December 31, 2005, Minco Silver held 70% of the Joint Venture and the GGEDC owns 30%. In order to explore the Changkeng Permit area, the Guangdong Minco-Jinli Mining Company Joint Venture was formed in April 2004. Minco Mining holds 51% and four other parties hold the remaining 49% (see section on Property Location and Tenure for detailed ownership in the Joint Venture).

A brief history of recent exploration is detailed below:

1959-1971: Geological exploration for pyrite, coal and uranium was carried out intermittently by different geological teams.

1986-1989: Regional Geological Survey Team of Guangdong Bureau of Geological Exploration conducted a regional stream sediment sampling program at a 1:200,000 scale. Significant gold and silver geochemical anomalies were delineated in the Changkeng-Fuwan area. The Au-Ag anomalies were followed up with detailed soil sampling at a 1:50,000 scale, which demonstrated good potential for gold and silver mineralization in the area.

1990-1994: The Changkeng gold and Fuwan silver deposits were discovered in 1990 during the follow up of the 1:50,000 soil geochemical anomalies by the 757 Geo-Exploration Team. Detailed exploration was conducted at the Changkeng-Fuwan gold and silver zones and the adjacent area from 1990 to 1995.

1990: *Report on Reconnaissance Investigation of Gold Mineralization in Changkeng, Gaoyau county, Guangdong province* was completed by the 757 Geo-Exploration Team.

1992: A geochemical soil sampling and mercury survey over the Luzhou-Shizhou area lying 24 km to the south of the Changkeng-Fuwan deposit was conducted at a 1:10,000 scale. Test drilling over two geochemical anomalies intersected silver mineralization at Dieping and Luzhou areas.

1992-1993: Geological exploration was carried out at the Luzhou Pb-Zn occurrence. Beginning of diamond drill programs by the 757 Geo-Exploration Team. A silicified structural breccia was intersected at the contact between Triassic and Carboniferous sedimentary sequences in drill holes. Two gold veins and one silver vein were discovered at depth.

1993: Seismic and electrical surveys were conducted along 9 profiles over the Luzhou-Shizhou area. Sections with good potential for gold and silver were delineated and diamond drilled.

October 1993: Prospecting of Changkeng gold deposit was completed by the 757 Geo-Exploration Team and a total resource (*Categories D+E, as per the Classification of Solid Mineral Resources and Reserves of the State Monitoring Bureau of Quality and Technology of China)* of 30.49 t of gold was delineated between Exploration Lines 16 and 27.

1993-1995: Prospecting of Fuwan silver deposit was conducted by the 757 Geological Exploration team and a total resource (D+E as above) of 5134.6 t silver was reported.

April 1994: Detailed exploration on the central section between exploration lines 8 and 15 and above elevation -15m was completed and 5t gold was delineated as category *C+D (measured reserve) as per the Classification of Solid Mineral Resources and Reserves of the State Monitoring Bureau of Quality and Technology of China.*

A total of 27,110 metres of core was drilled on the Changkeng-Fuwan deposits from 1991 to 2005. There were 16 holes drilled on the Fuwan property, totalling 4,247 metres, 97 holes on the Changkeng gold portion totalling 15,480 metres, and an additional 27 holes totalling 7,385 metres on the surrounding mineral lease. Barrick Gold Corporation drilled 11 holes; eight of the Barrick holes were drilled between sections 7 and 24 within the Changkeng License area (included in the 97 holes) and the other three holes were drilled as follow up to Hg geochemical anomalies outside the license area. There were many trenching programs undertaken on the property, as well as 2 holes drilled for the purposes of a metallurgical test on the Fuwan silver portion. Geotechnical data were collected, including core recovery, RQD and structural logging. Collar locations were surveyed using an EDM station with a survey accuracy of ±0.12m.

Previous Estimates

The gold resources on Changkeng were classified according to the *Classification of Solid Mineral Resources and Reserves of the State Monitoring Bureau of Quality and Technology of China.* A total resource of 30.49 t gold (*Categories D+E, as per the Classification of Solid Mineral Resources and Reserves of the State Monitoring Bureau of Quality and Technology of China),* was delineated between exploration lines 16 and 15. The D category resource was defined by 80x80m grid drilling and trenching and category E was defined by 160x160m grid drilling.

A total silver resource on Fuwan (Category E) was estimated by the 757 Geo-Exploration team as 5134.6 t silver between exploration lines 54 and 75 (a regional estimation). These resource calculations were done by the Chinese in 1995 before the application of Canadian National Instrument 43-101.

The Chinese classification system is not considered comparable to current CIM definitions and as such the resources are no longer considered relevant and have been replaced by the Canadian National Instrument 43-101 compliant resource as reported in Section 17.0 of this report.

Geological Setting

Regional Geology

The Changkeng-Fuwan gold-silver deposits are located at the northwest margin of a triangular Upper Paleozoic fault basin, at the margin with the north east trending Shizhou fault to the northwest, the east-west trending Dashi fault to the south and the northwest trending Xijiang fault to the northeast (Figure 6-1). Known precious and base metal occurrences and deposits occur predominantly along the margins of the 550 sq. km. basin.

The basin area is comprised of two major sedimentary sequences, the Upper Paleozoic siliceous and argillaceous carbonate sequence and the Mesozoic coal-bearing clastic sequence.

The two units are separated by a low angle fault zone. Some Chinese geologists have interpreted the contact between Triassic sandstone and Carboniferous limestone as an unconformity along which an interlayer-sliding fault developed. The low-angle fault zone at the northwest margin of the basin hosts the known gold and silver mineralization in the Changkeng-Fuwan area and its southwest and northeast extensions.

Mesozoic granite occurs only at the southeast corner of the basin area. There are no outcrops of intrusive rocks at Changkeng-Fuwan and its adjacent area. Late Mesozoic granites are observed along the south margin of the Sanzhou basin.

Fuwan Property Geology

Host rocks of the Changkeng-Fuwan deposits consist of Lower Carboniferous limestone and Upper Triassic terrestrial clastic rocks.

1. Lower Carboniferous Limestone Sequence:

Lower:	Neritic gray and dark-gray thickly-bedded bioclastic limestone;
Middle:	Terrestrial grey-whitish and reddish quartz sandstone intercalated with grey calcareous siltstone, mudstone, carbonaceous shale and coal;
Upper:	Gray and dark-grey medium to thickly bedded argillaceous limestone and mudstone; light-grey brecciated bioclastic limestone intercalated with yellowish silicified limestone and silty mudstone. Some gold mineralization and most silver mineralization occurs in the brecciated bioclastic limestone.

2. Upper Triassic Clastics

The Upper Triassic clastics are comprised of variegated sandstone, sandy conglomerate and conglomerate, dark-grey mudstone, carbonaceous mudstone and siltstone.

The major structural control of the Changkeng-Fuwan deposits is an open syncline with its axis trending northeast. A low angle fault zone is developed along the contact between the Lower Carboniferous unit and the Triassic unit. The fault zone is from several metres to tens of metres in width and is occupied by lenticular brecciated and silicified rocks, brecciated limestone, and silicified sandy conglomerate.

The fault zone may have acted as both a feeder conduit and a host structure for the gold and silver mineralization in the area. A set of second-order faults parallel to the major fault were developed in the limestone at the footwall. Silver mineralization also occurs in the second-order faults.

The upper parts of the Lower Carboniferous carbonate sequence and the lower part of the Upper Triassic clastic rocks are structurally brecciated and mineralized with gold and silver within the fault zone. Gold mineralization and silver mineralization are closely associated spatially but occur at different positions in the low-angle fault zone. Most gold mineralization occurs in the Triassic clastic rocks while most of the silver mineralization occurs in the brecciated, siliceous fault zone which separates the two units. There is also a smaller volume of silver mineralization associated with fractures parallel to the main fault and lying within the bioclastic limestone of the Lower Carboniferous sequence.

Typical alteration associated with the Changkeng-Fuwan gold-silver deposits includes silicification, clay (mainly illite), barite, fluorite, carbonate and pyrite. Alteration developed predominantly within the major fault zone between the Carboniferous limestone and Triassic clastic rocks and the second-order faults at the footwall. Silicification and sulfide mineralization are most closely associated with gold and silver mineralization.

Deposit Type and Model

The Changkeng-Fuwan gold and silver deposits may be considered as sediment hosted, epithermal deposits. The author has visited several Carlin deposits, (Goldstrike, Cortez, Dee, Getchell) and while there is no suggestion that the Changkeng gold deposit is of the same scale as the Carlin deposits, there are many similarities between the two. Table 7-1 is an extract from a paper entitled "Gold Deposits and Their Geological Classification" by Robert, F., Poulsen, K.H. and Dubé, B. of the Geological Survey of Canada. The author added in the column on Changkeng.

Comparison of Changkeng Deposit with Nevada Carlin Deposits

CRITERIA	CARLIN TYPE	CHANGKENG
Host rocks	Irregular discordant breccia bodies and concordant strata-bound disseminated zones confined to particular stratigraphic units occurring in carbonate and impure carbonate-argillite facies of continental shelves that have been overprinted by regional thrusting, extensional faulting and felsic plutonism	Brecciated, siliceous rocks on top of bioclastic limestones, thin bedded and laminated, brecciated black material, radiolarian chert, related to Himalayan Tectonic Event
Associated Alteration	Decalcification, silification: may be within zones of argillic and sericitic alteration	Silicification, argillite, calcite, minor fluorite, barite
Metal Association	Sub-micron gold within pyrite, orpiment, realgar, cinnabar, stibnite, highly variable Au:Ag ratios but typically Au < Ag	Disseminated gold, pyrite, orpiment, realgar, stibnite, Au:Ag ratios low
Form of Mineralization	Disseminated sulphides in discordant breccia bodies and strata-bound zones	Disseminated sulphides in concordant to disconcordant breccia bodies and strata-bound zones
Size and Scale of Deposit	1-10 Mt of ore @ 1-10 g/t Au	Currently unknown

The Fuwan silver deposit is characterized by vein and veinlet mineralization within zones of silicification. The predominant sulphide minerals are sphalerite and galena with lesser pyrite, and rare arsenopyrite, chalcopyrite and bornite. Paragarite and freibergite are other important silver minerals in the deposit. The deposit is poor in gold (< 0.2 ppm).

The Changkeng-Fuwan gold and silver deposits are confined in a fault zone separating a Lower Carboniferous limestone sequence and an Upper Triassic Clastic sequence. Two zones of gold mineralization, (Changkeng Property) Zone 1 and Zone 2, were delineated between exploration lines 15 and 16 at surface. Both zones are trending NE and dip to the SE at 30° to 50° at the upper portion and 15° to 30° at the lower portion of the fault. The two zones merged along both dip directions at depth and strike direction to the northeast. Gold veins occur as lenticular bodies in the brecciated Triassic clastics at the upper portion of the synform zone. The gold zones tend to pinch out toward the hinge of the syncline where they were replaced by silver mineralization at Fuwan.

The greatest volume of silver mineralization lies within the brecciated and silicified fault zone in Zone 1 (lying completely within the fault plane) and Zone 2 (lying partially within the fault plane). Zones 3, 4, 5, and 6 are situated entirely within the footwall limestone sequence and lie along planar fractures in the limestone.

The exploration program will target the fault zone along strike and down dip both east and west of the Fuwan Silver main zone.

Mineralization

The mineralized zones at the Fuwan deposit are currently considered primary mineralization and have been divided into two types:

1 Siliceous (silicified) material: This type of material is grey to dark grey in colour and mainly composed of secondary quartz, illite, argillaceous and carbonaceous material, and pyrite. Fractures and mariolitic cavities were highly developed;
2 Calcareous-siliceous material (silicified limestone): This type of material is light grey to dark grey in colour and is composed of secondary quartz, residual limestone, calcite, and pyrite. The mineralization occurs in the second-order faults in the footwall limestone of the contact zone.

Two specific studies were undertaken on the mineralogy of the deposit, which was studied by thin section microscopy and scanning electron microscopy. These reports were consulted at the offices of the 757 Geo-Exploration Team. Rock types include limestone, silicified limestone, silicified sandstone, carbonate-quartz veins, bioclastic limestone, silicified brecciated limestone, and marble-like limestone. Major silver ore minerals include freibergite, paragyrite, silver-antimony, brongriarite, and argentite; jamesonite as a secondary mineral and eugenite, a Sb-Cu-Ag sulphide mineral, a "black silver" mineral, a silver sulphur mineral, and native silver as minor minerals. The report contains numerous photomicrographs and scanning electron micrographs showing mineral relationships.

A description of Zones 1 to 8 is detailed below.

Zone 1

Zone 1 is the main mineralized body, lying entirely within the siliceous, brecciated fault zone that separates the upper Triassic clastic unit from the Lower Carboniferous limestone unit. Zone 1 is continuous over a strike length of 2,690 m, varying from 1.5m to 23.6m in intersected width with a 5.5m average width. Silver grades vary from 1 g/t to 3,285 g/t with a length weighted average grade of 133 g/t.

Zone 2:

Zone 2 is second to Zone 1 in volume and lies partially within the fault zone and partially outside of it. It has a total strike length of 1,960 m. The average intersected width is 3.4m, varying from 0.5m to 17.7m. Silver grades range from 1 g/t to 2,200 g/t with a length weighted average grade of 157 g/t.

Zone 3:

Zone 3 lies entirely within the Carboniferous Limestone unit along fractures parallel to the major fault. This zone has a strike length of 1,070m. The average intersected width is 3.9m, varying from 1.8m to 12.1m. Silver grades range from 1 g/t to 1,670 g/t with a length weighted average grade of 170 g/t.

Zone 4:

Zone 4 lies entirely within the Carboniferous Limestone unit along fractures parallel to the major fault. This zone has a strike length of 870 m. The average intersected width is 2.4m, varying from 1.85m to 3.61m. Silver grades range from 3 g/t to 1,940 g/t with a length weighted average grade of 325 g/t.

Zone 5:

Zone 5 lies entirely within the Carboniferous Limestone unit along fractures parallel to the major fault. This zone has a strike length of 630 m. The average intersected width is 2.3m, varying from 1.5m to 2.8m. Silver grades range from 1 g/t to 885 g/t with a length weighted average grade of 215 g/t.

Zone 6:

Zone 6 lies entirely within the Carboniferous Limestone unit along fractures parallel to the major fault. This zone has a strike length of 260 m. The average intersected width is 2.7m, varying from 1.4m to 3.73m. Silver grades range from 2 g/t to 196 g/t with a length weighted average grade of 68 g/t

Zone 7:

Zone 7 lies entirely within the Carboniferous Limestone unit along fractures parallel to the major fault. This zone has a strike length of 820m. The average intersected width is 3.4m, varying from 1.4m to 8.0m. Silver grades range from 4 g/t to 723 g/t with a length weighted average grade of 137 g/t.

Zone 8:

Zone 8 lies entirely within the Carboniferous Limestone unit along fractures parallel to the major fault. This zone has a strike length of 620 m. The average intersected width is 1.5m, varying from 1.3m to 1.7m. Silver grades range from 4 g/t to 289 g/t with a length weighted average grade of 95 g/t.

Exploration and Development

Exploration

The Chinese Government Regional Geological Survey Team (RGST) completed a 1:200,000 scale regional stream sediment sampling program at a sample density of 1 to 2 samples per square kilometre in 1986. The survey led to the identification of the important regional geochemical Au and Ag anomalies in the Changkeng-Fuwan area.

Further detailed 1:50,000 scale soil sampling within the anomalous area and preliminary follow-up of the geochemical anomalies were conducted by the RGST and exploration potential was proved over the Changkeng-Fuwan zone. In 1990, as a normal practice in China at that time, the regional geochemical anomaly data were transferred by the Chinese government to the 757 Geo-Exploration Team, a professional team who would carry out detailed exploration and drilling from the Guangdong Geological Exploration Bureau in Jiangmen City.

The 757 Geo- Exploration team carried out a comprehensive geological exploration program including mapping, trenching, and grid drilling from 1991 to 1993 on the Changkeng portion of the property and subsequently produced a resource calculation for the gold portion of the property.

Trenching and drilling for silver on Fuwan, by the 757 Geo-Exploration team, was conducted between 1993 to 1995. A drilling program at a grid spacing of 160-320 m x 160-320 m was used in estimating the silver resource. Exploration by Minco Mining began in 2003 with diamond drilling on the Fuwan gold and silver portions of the property.

PREVIOUS DRILL PROGRAMS AND INTERPRETATION

A set of cross sections matching the original exploration section spacing were plotted. In order to geologically model the zones, the mineralized contact zone was first modeled as a separate entity. From section to section across the property the contact zone was interpreted based solely on geology, and this zone was used as a guide to model the mineralization. The contact zone shows classic pinch and swell structure, both along and across strike. Six mineralized zones were modeled, and the nomenclature used by P&E does not necessarily match the nomenclature used by Minco Mining.

Zone 1 lies completely within the contact zone, and represents the greatest volume of the six zones. Zone 2 lies partially within the contact zone and partially outside of it. It represents the next greatest volume in the deposit. Zones 3, 4, 5 and 6 are located along subsidiary structures which trend parallel to the contact zone. Zone 7 (Lu Zhou) is located 3.5 km SW of and Zone 8 (Jilinggang) is located 1.5km NE of the main Fuwan deposit. These zones all lay within the structural footwall in the Carboniferous limestone, and they mimic the shape of the contact zone with pinch and swell. Little tonnage is represented in these subsidiary zones and there is often one high value which carries the intersection. Widths in these zones average 2.4 metres.

Data Verification

The Fuwan Property was visited by Mr. Eugene Puritch, P.Eng., and Ms. Tracy Armstrong, P. Geo., from August 25th to August 28th, 2005. Data verification sampling was done on the existing drill core, with sixteen samples collected for assay. An attempt was made to sample intervals from a variety of low and high-grade material. It was noted that many of the high-grade silver intervals had a large percentage of core missing. This was presumably because the high-grade silver mineralization was easy to see visually, and choice pieces had been removed by the various groups that had preceded us. The chosen sample intervals were then sampled by taking quarter splits of the remaining half-sawn core. The samples were then documented, bagged, and sealed with packing tape and were hand delivered to ALS Chemex, in Mississauga, Ontario. ALS Chemex is a reputable international laboratory providing analytical services to the mining and mineral exploration industry in more than 15 countries. All ALS Chemex laboratories in Canada are registered under ISO 9001:2000 quality standard.

At no time, prior to the time of sampling, were any employees or other associates of Minco-China or Minco Mining advised as to the location or identification of any of the samples to be collected by the authors. All samples remained in the sole possession of the authors until submission to the ALS Chemex Laboratory in Mississauga, Ontario.

In order to mitigate the effect of the “trophy” sampling and the fact that a number of high-grade intervals had little remaining core to sample, six values from the original Chinese assay results above 300 g Ag/t and their corresponding values in the P&E (ALS Chemex) data set were removed. Figure 13-2 shows the results when these high-grade intervals were eliminated. There is a 13.5% difference in the length weighted average silver values of the two data sets. Two holes, NZK3201 and NZK2401A were drilled by Minco Mining in the spring and summer of 2005 as twins to holes ZK3209 and ZK2403 respectively, in order to validate the geology and mineralization.

The holes were logged by Minco Mining geologists. Twin NZK2401A demonstrated good geological correlation with hole ZK2403, however there was a marked difference in the grades and less so in the widths of the mineralized intersections in the two holes. Twin NZK3201 did not correlate with hole ZK3209, as the mineralized zones could not be matched in the two holes. In this respect the twin is considered to have failed in its purpose, even though there were several high-grade intersections in the hole. In addition to the twins being a comparison one against the other, holes NZK3201 and NZK2401A were independently sampled by the authors during the site visit.

Previous Mineral Processing and Metallurgical Testing

Metallurgical Test Work Review

A metallurgical investigation on the Fuwan Deposit was carried out by the Guangdong Institute of Mineral Utilization in 1995. This study indicated that the Fuwan mineralization is typically in the +0.35mm to –2.0mm grain size fraction, is free milling and is associated with gangue minerals, including quartz and calcite. Silver mineralization is present as freibergite and paragyrite with galena and sphalerite as the main sulphide minerals.

Bench scale flotation tests producing a bulk concentrate and a preferential concentrate were performed. The bulk test resulted in a concentrate with 5,028 g/t Ag, 15.6% Pb and 36.5% Zn with recoveries of 94.1% for Ag, 90.1% for Pb and 90.4% for Zn. The preferential test produced a Ag-Pb concentrate containing 12,959 g/t Ag and 42.7% Pb and 7.8% Zn with recoveries of 77.6% for Ag, 80.1% for Pb and 6.6% for Zn. The Ag-Pb middling contained 1,144 g/t Ag, 4.2% Pb and 5.7% Zn with recoveries of 8.5% for Ag, 9.7% for Pb and 6.1% for Zn. The Zn concentrate contained 56.6% Zn, 0.6% Pb and 997 g/t Ag with recoveries of 82.1% for Zn, 1.9% for Pb and 10.2% for Ag. The total Ag recovery with preferential flotation is 96.3%.

Additional test work utilizing cyanidation indicated that the Fuwan mineralization is cyanide resistant with recoveries from crude mineralization at less than 82%. The bulk concentrate flotation method result of 94% Ag recovery was utilized for the purposes of calculating the Ag cut-off grade for the resource estimate due to its simplicity and realistic likelihood of achievability.

Fuwan Mill Feed & Bulk Flotation Concentrate Grades

	Wt (%)	**Ag(g/t)**	**Pb (%)**	**Zn(%)**
Feed	100	302	0.94	2.32
Concentrate	5.5	5,028	15.62	36.46
Recovery		94.1	90.1	90.4

Fuwan Mill Feed & Preferential Flotation Ag-Pb Concentrate Grades

	Wt (%)	**Ag(g/t)**	**Pb (%)**	**Zn(%)**
Feed	100	302	0.94	2.32
Concentrate	1.8	12,959	42.73	7.75
Recovery		77.6	80.1	6.6

Fuwan Mill Feed & Preferential Flotation Zn Concentrate Grades

	Wt (%)	**Ag(g/t)**	**Pb (%)**	**Zn(%)**
Feed	100	302	0.94	2.32
Concentrate	3.2	997	0.60	56.56
Recovery		10.2	1.9	82.1

Fuwan Mill Feed & Preferential Flotation Middling Concentrate Grades

	Wt (%)	**Ag(g/t)**	**Pb (%)**	**Zn(%)**
Feed	100	302	0.94	2.32
Concentrate	3.2	1,144	4.15	5.73
Recovery		8.5	9.7	6.1

P & E Consulting – 2005 Resource Estimate

Database

All drilling data was provided by the Company, in the form of Microsoft Access files, Excel files, drill logs and digital photos of assay certificates. Twenty Two (22) drill cross sections were developed on a local grid looking northeast on an azimuth of 63^0 on a nominal 150 metre spacing. A Gemcom database was constructed containing 184 diamond drill holes. Of the preceding 184 drill holes, 74 were utilized in the resource calculation. The remaining data were not in the area that was modeled for this resource estimate. Surface drillhole plans are shown in Appendix III. The database was verified in Gemcom and corrections were made in order to bring it to an error free status. The Assay Table of the database contained 5,881 Ag, 4,504 Au, 476 Pb and 527 Zn assays. All data are expressed in metric units and grid coordinates are in a Chinese UTM system.

Data Verification

Verification of assay data entry was performed on 98 assay intervals for Ag. A very few minor data errors were observed and corrected, with the overall impact to the database being negligible. The 98 verified intervals were verified with original assay lab certificates from the Chinese 757 Group Assay certificates. The checked assays represented 20.9% of the data to be used for the resource estimate and approximately 1.7% of the entire database.

Domain Interpretation

Domain boundaries were determined from lithology, structure and grade boundary interpretation from visual inspection of drillhole sections. Eight domains were developed and referred to as Zone 1 through to Zone 8. These domains were physically created with computer screen digitizing on drillhole sections in Gemcom by the authors of this report. The outlines were influenced by the selection of mineralized material above 50 g/t Ag that demonstrated a lithological and structural zonal continuity along strike and down dip. In some cases mineralization below 50 g/t Ag was included for the purpose of maintaining zonal continuity. Smoothing was utilized to remove obvious jogs and dips in the domains and incorporated a minor addition of inferred mineralization. This exercise allowed for easier domain creation without triangulation errors from solids validation.

On each section, polyline interpretations were digitized from drill hole to drill hole but not extended more than 100 metres into untested territory. Minimum constrained true width for interpretation was 1.5 metres. The interpreted polylines from each section were "wireframed" in Gemcom into 3-dimensional domains. The resulting solids (domains) were used for statistical analysis, grade interpolation, rock coding and resource reporting purposes.

Rock Code Determination

The rock codes used for the resource model were derived from the mineralized domain solids. The list of rock codes used follows:

Rock Code	Description
0	Air
10	Fuwan Zone 1
20	Fuwan Zone 2
30	Fuwan Zone 3
40	Fuwan Zone 4
50	Fuwan Zone 5
60	Fuwan Zone 6
70	Lu Zhou Zone 7
80	Jilinggang Zone 8

Composites

Length weighted composites were generated for the drill hole data that fell within the constraints of the above-mentioned domains. These composites were calculated for Ag, Au and wherever present Pb and Zn over 1.0 metre lengths starting at the first point of intersection between assay data hole and hanging wall of the 3-D zonal constraint. The compositing process was halted upon exit from the footwall of the aforementioned constraint. Un-assayed intervals were treated as null data. Any composites calculated that were less than 0.4m in length, were discarded so as to not introduce any short sample bias in the interpolation process. The composite data were transferred to Gemcom extraction files for the grade interpolation as an X, Y, Z, Ag, Au, Pb, Zn file for each domain.

Grade Capping

Grade capping was investigated on the raw assay values in the database within each domain to ensure that the possible influence of erratic high values did not bias the database. Extraction files were created for constrained Ag data within each mineralized domain. The Au, Pb and Zn data were sparse in some domains resulting in their being treated as one group within Zones 1 to 6.

Ag Grade Capping Values for all Zones

DOMAIN	Capping Value Ag (g/t)	Number of Assays Capped	Raw Coefficient of Variation	Capped Coefficient of Variation	Cumulative Percent for Capping
Zone 1	1000	2	1.89	1.13	99.2%
Zone 2	1200	1	1.71	1.36	99.0%
Zone 3	1200	1	1.62	1.37	98.1%
Zone 4	1000	4	1.62	0.98	83.3%
Zone 5	600	2	1.38	1.27	86.7%
Zone 6	No Cap	0	0.91	0.91	100.0 %
Zone 7	500	1	1.19	1.03	95.0%
Zone 8	No Cap	0	1.02	1.02	100.0%

Au Grade Capping Values for all Zones

DOMAIN	Capping Value Ag (g/t)	Number of Assays Capped	Raw Coefficient of Variation	Capped Coefficient of Variation	Cumulative Percent for Capping
Zones 1-6	10	12	2.77	2.19	97.0%
Zone 7	No Cap	0	2.28	2.28	100.0%
Zone 8	No Cap	0	0.95	0.95	100.0%

Pb Grade Capping Values for Zones 1 to 6

DOMAIN	Capping Value Ag (g/t)	Number of Assays Capped	Raw Coefficient of Variation	Capped Coefficient of Variation	Cumulative Percent for Capping
Zones 1- 6	2.0	9	1.86	1.58	95.8%

Zn Grade Capping Values for Zones 1 to 6

DOMAIN	Capping Value Ag (g/t)	Number of Assays Capped	Raw Coefficient of Variation	Capped Coefficient of Variation	Cumulative Percent for Capping
Zones 1- 6	7.0	3	1.61	1.55	98.7%

VARIOGRAPHY

Variography was attempted on the constrained domain composites with somewhat limited success. Due to the high variability and relatively low data population density, variograms of sufficient quality for determining ellipsoid search ranges were not readily attainable. Reasonable mineralized multi-sectional continuity and grade was observed in Zones 1 and 2, however, there is still insufficient data to classify any of this resource as indicated.

Bulk Density

The bulk density used for the resource model was derived from measurements of test work performed by ALS Chemex of Mississauga, Ontario. Representative samples obtained by this report author of the mineralized zones of the deposit were utilized. The average bulk density from samples was calculated to be 2.64 tonnes per cubic metre.

Block Modeling

The Fuwan resource model was divided into three block model frameworks; the main Fuwan Zone, the Lu Zhou Zone and the Jilinggang Section. The Fuwan Zone block model has 35,200,000 blocks that were 3m in X direction, 6m in Y direction and 3m in Z direction. There were 440 columns (X), 500 rows (Y) and 160 levels (Z). The Lu Zhou Zone model has 11,250,000 blocks that were 3m in X direction, 6m in Y direction and 3m in Z direction. There were 450 columns (X), 250 rows (Y) and 100 levels (Z). The Jilinggang Section model has 3,300,000 blocks that were 3m in X direction, 6m in Y direction and 3m in Z direction. There were 200 columns (X), 165 rows (Y) and 100 levels (Z). All three block models were rotated clockwise 63 degrees. Separate block models were created for rock type, density, percent, Ag, Au, Pb and Zn. Pb and Zn were only modeled in the Fuwan Zone.

The percent block model was set up to accurately represent the volume and subsequent tonnage that was occupied by each block inside the constraining domain. As a result, the domain boundaries were properly represented by the percent model ability to measure infinitely variable inclusion percentages within a particular domain.

The Ag, Au and where applicable Pb and Zn composites were extracted from the Microsoft Access database composite table into separate files for each Mineralized Zone. Inverse distance cubed (1/d3) was utilized for Ag and Au with inverse distance squared (I/d2) utilized for Pb and Zn. There were two interpolation passes performed, both for the inferred classification. The first interpolation was performed at a shorter range than the second, resulting in a two-step inferred interpolation that was coded into one block model. The resulting Ag grade blocks can be seen on the block model cross-sections in Appendix VI.. All Grade blocks were interpolated using the following parametres:

Block Model Interpolation Parametres

Profile	Dip Dir.	Strike	Dip	Dip Range	Strike Range	Across Dip Range	Max # per Hole	Min # Sample	Max # Sample
Inferred 1	153°	63°	0°	200	200	20	2	3	12
Inferred 2	153°	0°	0°	400	400	100	2	1	12

Resource Classification

For the purposes of this resource, classifications of all interpolated grade blocks were determined to be in the inferred category. Additional infill drilling likely at 40m to 50m spacing will be required to develop indicated resources.

Resource Estimate

The Mineralized Zone resource estimate was derived from applying Ag cut-off grades to the block model and reporting the resulting tonnes and grade for potentially mineable areas. The following calculations demonstrate the rationale supporting the Ag cut-off grade that determines the potentially economic portion of the mineralized domains.

Ag Cut-Off Grade Calculation

Ag Price	US$6.71/oz (24 month trailing average price)
Au Price	US$415/oz (24 month trailing average price)
Pb Price	US$0.39/lb (24 month trailing average price)
Zn Price	US$0.51/lb (24 month trailing average price)
Mining Cost (2,500tpd)	US$8.00/tonne mined
Process Cost (2,500tpd)	US$7.00/tonne mined
Ag Flotation Recovery	94%
Au Flotation Recovery	75%
Pb Flotation Recovery	90%
Zn Flotation Recovery	90%
Concentration Ratio	16.6:1
Ag Smelter Payable	90% (includes refining charges)
Au Smelter Payable	90% (includes refining charges)
Pb Smelter Payable	70% (includes refining charges)
Zn Smelter Payable	70% (includes refining charges)
Smelter Treatment Charges	US$125/tonne (US$125/16.6 = US$7.53/tonne mined)
Concentrate Shipping	US$5.00/tonne (US$5/16.6 = US$0.30/tonne mined)
General/Administration	US$1.75/tonne mined

The above data were derived from Chinese and other worldwide mining operations similar to Fuwan.

Costs for Mining, Processing, Smelter, Concentrate Shipping and G/A combine for a total of (US$8.00 + US$7.00 +US$7.53 + US$0.30 + US$1.75) = US$24.58/tonne mined

Payable for the following predicted grades for Au (0.35g/t), Pb (0.20.1%) and Zn (0.67) are as follows:

Au = [(75% Recovery x 90% Payable x US$415/oz)/31.1035 g/oz] x 0.35g/t = US$3.15/tonne
Pb = 90% Recovery x 70% Payable x 22.046 lb/t x US$0.39/lb x 0.20.1% = US$1.14/tonne
Zn = 90% Recovery x 70% Payable x 22.046 lb/t x US$0.51/lb x 0.67% = US$4.75/tonne
Total payable contribution for Au, Pb and Zn = US$9.04/tonne mined

The difference of (US$24.58tonne costs - US$9.04tonne Au, Pb, Zn revenue) US$15.54/tonne must be made up by the Ag revenue to determine the Ag cut-off grade for the resource estimate.

Therefore, the Ag cut-off grade for this resource estimate is calculated as follows:

[(US$15.54)/[(6.71 x 94%)/31.1034] = 76.6g/t (Use 75 g/t Ag)

The resulting resource estimate can be seen in the following table.

Resource Estimate @ 75g/t Ag Cut-Off Grade

Area	Classification	Tonnes	Ag (g/t)	Ag (oz)	Au (g/t)	Pb (%)	Zn (%)
Changkeng Permit	Inferred	6,970,000	154	34,510,000	0.50	0.22	0.77
Fuwan Permits	Inferred	13,406,000	195	84,047,000	0.26	0.19	0.59
Dadinggang Permit	Inferred	2,047,000	171	11,254,000	0.59	0.32	0.65
Total	Inferred	22,423,000	180	129,811,000	0.36	0.21	

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

It should be noted that the mineral resources in this estimate were calculated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM) Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council November 14, 2004.

The Dadinggang Permit has been applied for and is currently in the approval process with the Ministry of Lands and Resources. Minco has been granted exclusivity of application over this area until permit approval has been finalized. P&E feels that there is a high likelihood that this permit will be approved in the near future.

Fuwan, Changkeng & Dadinggang Combined Resource Estimate Sensitivity

CUT-OFF Ag (g/t)	TONNES	Ag (g/t)	Ag (oz)	Au (g/t)	Pb (%)	Zn (%)
700	191,520	818	5,034,993	0.28	0.46	0.49
600	289,758	763	7,108,003	0.40	0.61	1.02
500	799,001	538	13,821,987	0.32	0.69	1.24
450	1,021,821	509	16,727,679	0.33	0.74	1.47
400	2,156,546	423	29,361,956	0.35	0.52	1.20

CUT-OFF Ag (g/t)	TONNES	Ag (g/t)	Ag (oz)	Au (g/t)	Pb (%)	Zn (%)
350	2,724,997	411	36,028,576	0.36	0.49	1.19
300	3,159,587	391	40,976,180	0.36	0.45	1.12
250	3,981,060	368	47,065,380	0.35	0.42	1.03
200	6,524,855	312	65,533,498	0.33	0.34	0.87
175	7,965,135	290	74,171,979	0.34	0.30	0.82
150	10,739,518	256	88,428,183	0.35	0.29	0.77
125	14,108,937	228	103,356,910	0.34	0.26	0.70
100	17,795,185	204	116,602,008	0.35	0.24	0.67
75	22,422,839	180	129,811,458	0.36	0.21	0.65
50	25,673,188	165	136,315,002	0.38	0.21	0.64
25	26,533,467	161	137,415,650	0.38	0.21	0.64

The preceding resource estimate sensitivity table was derived by applying a series of increasing Ag cut-offs to the eight domains which constrain the mineralization. These domains were developed utilizing an approximate 50 g/t Ag cut-off grade as described in section 17.4 of the technical report. This 50 g/t Ag cut-off was found to be the grade at which the domains demonstrate the optimal lithological and zonal continuity along strike and across section. This set of domains was subsequently used during the application of all cut-off grades within the sensitivity table.

Confirmation of Estimates

As a test of the reasonableness of the estimate, the block model was queried at a 0.1 g/t Ag cut off with blocks in all classifications summed and their grades weight averaged. This average is the average grade of all blocks within the mineralized domains. The values of the interpolated grades for the block model were compared to the length weighted capped average grades and average grade of composites of all samples from within the domain. The results are presented below.

Comparison of Weighted Average Grade of Capped Assays and Composites with Total Block

Model Average Grade

Category	Ag (g/t)	Au (g/t)	Pb (%)	Zn (%)
Capped Assays	146	0.84	0.28	0.87
Composites	149	0.80	0.26	0.78
Block Model	159	0.46	0.23	0.67

The comparison above shows the average grade of all the Ag, Pb and Zn blocks in the domains to be similar to the weighted average of all capped assays and composites used for grade estimation. Due to clustering of Au assay data, the Au block model grade was significantly less than the assays and composites, reflecting the conservatism within the block modelling process.

On November 14, 2005, the Company announced the resumption of diamond drilling at its Fuwan project in Guangdong Province, China. The current drill program will use 3 diamond drill rigs to test the down-dip extension of the deposit by drilling nine holes totaling 2,500 metres. This program is part of a larger 10,000 metre drilling program which is planned to continue into the first half of 2006.

Earlier this year, the Company completed two drill holes to validate exploration results reported by the 757 Geological Team of the Guangdong Geological Exploration Bureau. The Company's twin hole (NZK2401a) provided results that were comparable to the original hole, ZK2403. The mineralized zone from the Company's second twin hole (NZK3201) successfully cored the mineralized zone; however, hydrothermal cavities present in the original hole (ZK3209) prevented complete sampling of the mineralized zone. Thus, the results from the Company's twin hole did not correlate with the original hole. Significant intersections from the Company's drilling are provided in the table below. A detailed discussion of how these drill results compare to previous results are provided in a Canadian National Instrument 43-101 report dated November 3, 2005 and filed on SEDAR.

Hole No.	Dip/Azm	From (m)	To (m)	Interval (m)	Silver Grade (g/t)
NZK2401a	-90/0	87.30	99.30	12.00	122.5
	incl.	96.37	99.3	2.93	305.2
	and	118.39	119.89	1.50	295.8
NZK3201	-90/0	112.88	121.25	8.37	498.1 (uncut) 197.6 (cut)*
	and	157.25	161.25	4.00	263.5

* one sample with a grade of 3285 g/t Ag was cut to 1000 g/t Ag

2005 Exploration Program

A comprehensive technical database is currently being constructed on the deposit. the Company initiated a 2,500 metre step-out and in-fill drilling program late in 2005 using three drill rigs. This drilling program is part of a larger program that will continue through the first half of 2006.

2006 Exploration Program

Planning is underway to resume drilling in 2006. The lack of underground drilling equipment in China necessitates use of Minco Mining's underground drilling unit. This unit has been returned to the project site and inspected to ensure it is functioning properly. Drifting to provide drill access will be required for some targets and other targets can be reached from existing drill stations. The Company plans to complete approximately 300 metres of underground access drifting, 4 underground diamond drill stations and approximately 5,000 metres of drilling.

ITEM 6. 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.

ITEM 7. DESCRIPTION OF CAPITAL STRUCTURE

Share Capital

The Company has an unlimited amount of common shares authorized, without par value, of which 25,245,900 shares were issued and outstanding as of March 30, 2006. Each of the common shares has equal dividend, liquidation and voting rights.

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.

As of December 5, 2005 a total of 4,797,500 common shares were released from Escrow. As of the date of this Annual Report, the balance remaining in escrow is 14,392,500 common shares which are subject to a time release. See Item 7 - "Escrowed Securities". The transfer agent and registrar for the common shares is Computershare Trust Company of Canada, 510 Burrard Street, Vancouver, British Columbia, Canada, V6B 5A1. The following table sets forth a history of the share capital for the Company since November 8, 2005 through March 30 , 2006.

		Issuance	Common Share Balance
November 8, 2005	**Issued and outstanding**		24,276,000
November 25, 2005	Issued for Initial Public Offering	920,000	25,196,000
December 31, 2005	**Issued and Outstanding**		**25,196,000**
January 31, 2006	Issued and outstanding		25,196,000
February 6, 2006	Exercise of Broker Warrants	18,500	25,214,500
February 10, 2006	Exercise of Broker Warrants	15,000	25,229,500
February 17, 2006	Exercise of Broker Warrants	6,400	25,245,900
February 28, 2006	**Issued and outstanding**		**25,245,900**
March 30, 2006	**Issued and outstanding**		**25,245,900**

No shares issuances in the period covered by the above table were subject to discounts, special terms or installment payments.

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.

Description of Securities Other than Equity Securities

Pooled Securities

Pursuant to an agreement (the "Pooling Agreement") dated as of November 24, 2004 among the Company, Minco Mining and certain holders of an aggregate of 1,440,000 2004 Special Warrants agreed to deposit the 1,440,000 common shares issued to them upon the exercise of such 2004 Special Warrants in trust with Minco Mining, to be released as follows: (i) 20% on the fifth business day following the date of issuance of a Decision Document for the Company's Prospectus (the "Initial Release Date"); (ii) 20% three months following the Initial Release Date; (iii) 20% six months after the Initial Release Date; (iv) 20% nine months after the Initial Release Date; and (v) 20% twelve months following the Initial Release Date.

On November 24, 2005 the Company released a total of 288,000 common shares which were held in escrow pursuant to the Pooling Agreement. All other shares pursuant to the Pooling Agreement are currently held in escrow are will be released pursuant to the applicable hold periods.

ITEM 8. MARKET FOR SECURITIES

Since December 2, 2005, the Company's common shares have been listed on the Toronto Stock Exchange. The following tables set forth the reported high and low prices since the Company's initial listing on December 22, 2005 to December 31, 2005. Also included in the table are the reported high and low prices of the Company from December 2, 2005 to the date of this Annual Report.

Table A

PERIOD	TSX (CDN $) HIGH	TSX (CDN $) LOW
March 1, 2006 to March 30, 2006	4.20	3.40
February 1, 2006 to February 28 , 2006	3.95	3.15
January 1, 2006 to January 31, 2006	3.95	1.70
December 2, 2005 to December 31, 2005	2.00	1.70

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.

ITEM 9. ESCROWED SECURITIES

Escrowed Securities

In accordance with the provisions of Canadian National Policy 46-201 adopted by Canadian securities regulators, securities held by Principals (as defined below) are required to be held in escrow in accordance with the national escrow regime applicable to initial public distributions. Equity securities owned or controlled by Principals, including Common Shares, 2004 Special Warrants, 2005 Special Warrants and Common Shares issued on the exercise of the 2004 Special Warrants and 2005 Special Warrants, (except for 10% of each Principal's holdings of Common Shares) are subject to the escrow requirements.

Principals include all persons or companies that, on the completion of the Offering, fall into one of the following categories:

(i) directors and senior officers of the Company or of a material operating subsidiary of the Company, as listed in the Company's Prospectus;
(ii) promoters of the Company during the two years preceding this Offering;
(iii) those who own and/or control more than 10% of the Company's voting securities immediately after completion of this Offering if they also have appointed or have the right to appoint a director or senior officer of the Company or of a material operating subsidiary of the Company;
(iv) those who own and/or control more than 20% of the Company's voting securities immediately after completion of this Offering; and
(v) associates and affiliates of any of the above.

The Principals of the Company are Minco Mining, Silver Standard and all of the directors and senior officers of the Company. Pursuant to an agreement (the "Escrow Agreement") dated as of October 17, 2005 among the Company, Computershare Trust Company of Canada (the "Escrow Agent") and the Principals of the Company, the Principals agreed to deposit an aggregate of 19,190,000 Common Shares in escrow (the "Escrowed Securities") with the Escrow Agent.

The Escrow Agreement provides that the Escrowed Securities will be released as follows: (i) 25% on the date of listing of the Company's Shares on a Canadian exchange (the "Listing Date"); (ii) 25% six months after the Listing Date; (iii) 25% twelve months after the Listing Date; and (iv) 25% eighteen months after the Listing Date.

Pursuant to the terms of the Escrow Agreement, the securities held in escrow may not be transferred or otherwise dealt with during the term of the Escrow Agreement unless the transfers or dealings within the escrow are:

(i) transfers to continuing or, upon their appointment, incoming directors and senior officers of the Company or of a material operating subsidiary, with approval of the Company's board of directors;
(ii) transfers to an RRSP or similar trustee plan provided that the only beneficiaries are the transferor or the transferor's spouse or children;
(iii) transfers upon bankruptcy to the trustee in bankruptcy; and
(iv) pledges to a financial institution as collateral for a *bona fide* loan, provided that upon a realization the securities remain subject to escrow. Tenders of Escrowed Securities to a take-over bid are permitted provided that, if the tenderer is a Principal of the successor corporation upon completion of the take-over bid, securities received in exchange for tendered Escrowed Securities are substituted in escrow on the basis of the successor corporation's escrow classification.

The following table sets forth details of the issued and outstanding Common Shares that are subject to the Escrow Agreement as of the date of the Escrow Agreement:

Name	No. of Escrowed Common Shares
Minco Mining & Metals Corporation	14,000,000
Silver Standard	4,960,000
William Meyer	110,000
Wade Dawe	120,000
TOTAL:	**19,190,000**

As of December 5, 2005 a total of 4,797,500 common shares were released from Escrow. As of the date of this Annual Report, the balance remaining in Escrow is 14,392,500.

ITEM 10. DIRECTORS AND OFFICERS

Name, Address, Occupation and Security Holding

The following table sets forth all current directors and executive officers of the Company as of March 30, 2006, with each position and office held by them in the Company, their terms of office and the period of service as such. Each director's term of office expires at the next annual general meeting of shareholders to be held on June 27, 2006. At such meeting, each current director is seeking re-election.

NAME AND PRESENT POSITION WITH THE COMPANY	PRINCIPAL OCCUPATION AND POSITIONS DURING LAST FIVE YEARS	DIRECTOR / OFFICER SINCE	NUMBER OF COMMON SHARES HELD (2) (3)
Ken Z. Cai (13) President, Chief Executive Officer and Director	President and CEO of Minco Mining & Metals Corporation from February 1996 to present; Chairman, CEO and Director of Tranzcom China Security Networks Inc. from 1991 to present; Director of Gobi Gold Inc. from August 2005 to present; Director of Dragon Pharmaceuticals Inc. from September 1998 to January 2005.	August 20, 2004	500,000 (4)
William Meyer Chairman and Director Former Member of Audit Committee (7) (13)	Director and Chairman of the Board of Minco Mining & Metals Corporation from 1999 to present; Director of Trans America Industries Ltd. from 1998 to present; Director of New Cantech Ventures Inc. from 1998 to present; Director of GGL Diamond Corp. from 1994 to present; Director of Lysander Minerals from 1995 to present; Director of Silver Standard Resources Inc. from 1993 to present; Chairman and Director of Minco Silver Corporation from 2004 to present.	August 20, 2004	440,000 (4)(5)
Robert Quartermain (1) (8) (13) Director	Director and President of Silver Standard Resources Inc.	October 4, 2004	200,000 (5) (6)
Wade Dawe (1) (13) Director	Director, President and CEO of Linear Gold Corp., Director of Keeper Resources Inc. from June 2004 to present; Director of Gobi Gold Inc. from August 2005 to present; and Director of ImmunoVaccine Technologies Inc. from January 2005 to present.	December 8, 2004	320,000 (6)
Chan-Seng Lee (1) (13) Director	Chartered Accountant; Controller for 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 Ltd. from 1999 to 2002; Officer of Consolidated Properties Ltd from 2003 to 2004.	December 10, 2004	200,000 (6)
Simon Anderson (13) Chief Financial Officer	Vice President of MCSI Consulting from 1996 to present; Director of Sinovac Biotech Ltd. from 2004 to present; CFO of Buffalo Gold Ltd. from 2004 to present; Director of Wex Pharmaceuticals Inc. from December 2005; Director of Ikona Gear International from 2003 to October 2005; CFO of Minco Mining & Metals Corporation from 2005 to February 2006; CFO of SHEP Technologies Inc. during 2004; CFO & Director of XML-Global Technologies Inc. from 1999 to 2004.	February 16, 2005	50,000 (10)

NAME AND PRESENT POSITION WITH THE COMPANY	PRINCIPAL OCCUPATION AND POSITIONS DURING LAST FIVE YEARS	DIRECTOR / OFFICER SINCE	NUMBER OF COMMON SHARES HELD (2) (3)
Brigitte M. McArthur [13] Corporate Secretary	Corporate Secretary of Minco Mining & Metals Corporation from April 2005 to present; Corporate Secretary of Minco Base Metals from April 2005 to present; Corporate Secretary of Aquasol Envirotech Ltd. from April 2005 to present; Corporate Secretary of Tranzcom China Security Networks Inc. from April 2005 to January 2006; Corporate Secretary for Crosshair Exploration & Mincing Corp. from May 2004 to February 2005; Corporate Secretary of Target Exploration & Mining Corp. from May 2005 to February 2005; Corporate Secretary of Cabo Mining Enterprises Corp. from December 2003 to April 2004; Director, Corporate Secretary & Treasurer of Essendon Solutions Inc. from July 2000 to September 2003; Corporate Secretary of National Telcom Solutions Inc. from June 2001 to July 2003.	April 1, 2005	100,000 [11]
Jin (Fiona) Zhou [13] Controller	Controller of Minco Mining & Metals Corporation from June 2004 to present; Controller of Tranzcom China Security Networks Inc. from June 2004 to present. Previously she served as the accounting manager of several companies and has held several positions such as finance supervisor and senior auditor.	October 19, 2004	100,000 [12]

Notes:

(1) Current member of the Audit Committee of the Company.

(2) Common shares and options 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.

(3) The directors, nominees, officers and other members of management of the Company, as a group beneficially own, directly or indirectly, 1,910,000 common shares of the Company, representing 7.57% of the total issued and outstanding common shares of the Company. Of the 1,910,000 a total of 1,700,000 are pursuant to a granting of stock options at a price of $1.25. All stock options were granted on December 1, 2005 and have not been exercised as of the date of this Annual Report.

(4) Dr. Ken Cai and William Meyer are Directors and senior officers of Minco Mining which holds 14,000,000 Common Shares of the Company. A total of 500,000 are granted pursuant to a grant of Stock Options on December 1, 2005 at an exercise price of $1.25 to Mr. Ken Cai and a total of 350,000 stock options were granted to Mr. Meyer.

(5) Robert Quartermain and William Meyer are Directors and Mr. Quartermain is the President of Silver Standard which holds 4,877,100 Common Shares of the Company.

(6) 200,000 Stock Options granted December 1, 2005 at an exercise price of $1.25.

(7) Mr. Meyer was a member of the Audit Committee from May 31, 2005 to November 23, 2005.

Notes: (*Continued*)

(8) Mr. Quartermain became a member of the Audit Committee on November 23, 2005.
(9) 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.
(10) 50,000 Stock Options granted December 1, 2005 at an exercise price of $1.25.
(11) 100,000 Stock Options granted December 1, 2005 at an exercise price of $1.25.
(12) 100,000 Stock Options granted December 1, 2005 at an exercise price of $1.25.
(13) Resident of Canada.

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

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

Corporate Cease Trade Orders or Bankruptcies, Penalties, Sanctions or Control

To the best of the Company's knowledge, none of the directors or officers of the Company or any shareholder holding a sufficient number of securities of the Company:

a) Have been subject to a close trade or similar order, or an order that denies an issuer access to any exemptions under Canadian securities legislation, or
b) Became bankrupt, made a proposal under any legislation related to bankruptcy or any arrangement or compromise with creditors or had a receiver or trustee appointed to hold assets or became subject to any penalties; and
c) None of the directors of the Company, or any shareholder, hold sufficient number of securities of the Company to materially affect the control of the Company.

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.

ITEM 11. PROMOTERS

Dr. Ken Cai, President is considered to be the promoter of the Company. Dr. Cai's interest in the Company is outlined in greater detail in Item 13 – "Interest of Management and Others in Material Transactions."

ITEM 12. LEGAL PROCEEDINGS

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

ITEM 13. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Major Shareholders

As of March 30, 2006 , the Company believes that 750,000 common shares of the issued and outstanding common shares were held by five shareholders with addresses in the United States. The Company has two majority shareholders: i) Minco Mining & Metals Corporation holding 14,000,000 common shares or 55.5%; and ii) Silver Standard Resources holding 4,877,100 common shares or 19.33%.

As disclosed, Minco Mining & Metals Corporation has two common directors, Ken Z. Cai and William Meyer. Silver Standard has two common directors, Robert Quartermain and William Meyer.

The following table sets forth, as of March 30, 2006 , information with respect to (i) any person who is known to the Company to be the owner of more than 5% of any class of the Company's outstanding voting securities and (ii) the total amount of any class of the Company's voting securities owned by the officers and directors as a group.

Title of Class	**Identity of Holder**	**Amount Owned**	**Percent of Class [(1)]**
Common shares	Minco Mining & Metals Corporation	14,000,000	55.55%
Common shares	Silver Standard Corporation	4,877,100	19.33%
Common shares	All directors and officers as a group	1,910,000	7.57% [(2)]

(1) Based on Issued and Outstanding shares of the Company.
(2) Of the 1,910,000 a total of 1,700,000 are pursuant to stock options granted but not exercised.

Related Party Transactions

Accounts payable at December 31, 2005 include $141,479 (December 31, 2004 – $57,007) due to Minco Mining in respect of shared office expenses of $118,020 (December 31, 2004 – $45,566) and exploration expenses for the Fuwan Property of $23,459 (December 31, 2004 – $11,441). $141,479 was subsequently repaid to Minco Mining in January 2006.

Due to Minco China at December 31, 2005 was $119,237, used for Fuwan Property and new silver projects' investigation, which was subsequently repaid to Minco China in January 2006.The amount due to Minco China, a wholly-owned subsidiary of Minco Mining, is unsecured and non-interest bearing.

In 2005, the Company paid consulting fees of $122,710 (December 31, 2004 - $26,105) to a director of the Company, including $ 61,440 as a performance bonus. These consulting fees are included in exploration costs, property investigation and management fees.

In 2005, the Company paid or accrued $44,954 (December 31, 2004 – $11,441) in respect of rent, $106,827 (December 31, 2004 – 63,316) in respect of exploration costs, and $359,368 (December 31, 2004 – $45,566) in respect of shared office expenses to Minco Mining.

As disclosed in Note 4, Minco Mining transferred its mineral interests in the Changkeng Silver Interest, Fuwan Silver Project, Guanhuatang, Luoke-Jilinggang, Guyegang-Sanyatang, and Dadinggang properties to the Company in exchange for 14,000,000 common shares of the Company. Minco Mining was the sole shareholder of the Company and the two companies had common management at the time of the transaction.

As disclosed in Note 6, the Company entered into a strategic alliance with Silver Standard, a company which is a shareholder of the Company and which is related by two common directors. Except for (e) which was recorded at the carrying amount, the above transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

None of the directors or senior officers of the Company and no associates or affiliates of any of them, are or have been indebted to the Company or its subsidiaries at any time during the year ended December 31, 2005.

ITEM 14. TRANSFER AGENTS AND REGISTRARS

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.

ITEM 15. MATERIAL CONTRACTS

The only material contracts not in the ordinary course of business entered into by the Company during the financial year ended December 31, 2005, or in prior years that are still in effect are:

Transfer Agent, Registrar and Dividend Disbursing Agent Agreement dated October 25, 2004	The agreement by the Company and its Transfer Agent, Computershare Investor Services Inc.
Cost Sharing Agreement Inc. dated October 1, 2004	The Company shares office space and miscellaneous office overhead expenses with Minco Mining, Tranzcom China Security Networks Inc. and Aquasol Environtech (Canada) Inc. pursuant to an agreement dated October 1, 2004. The head lease for the premises located at 1980-1055 West Hastings Street is held by Minco Mining. Pursuant to the office and cost sharing agreement, Minco Mining allocates rent and overhead expenses to each of the Company, Tranzcom China Security Networks Inc. and Aquasol Envirotech (Canada) Inc. at cost.
Escrow Agreement dated October 17, 2005	The Escrow Agreement between the Company, Computershare Trust Company of Canada and the Principals of the Company pursuant to which, the Principals deposited an aggregate of 19,190,000 Common Shares into escrow.
Voluntary Pooling Agreement dated November 24, 2004	Voluntary Pooling Agreements between the Company, Minco Mining Corporation and certain holders of the 2004 Special Warrants dated November 24, 2004
Stock Option Agreements dated December 1, 2005	Agreements dated December 1, 2005 between the Company, Management, Directors, Officers and Employees
Assignment Agreement dated August 20, 2004	The Company, Minco Mining, Minco China and Minco BVI entered into an Assignment Agreement whereby Minco Mining, Minco BVI and Minco China assigned to the Company their respective interests in each of the following: (a) the Preliminary Fuwan Agreement; (b) the 51% interest in the silver mineralization on the Changkeng Property held by Minco Mining pursuant to the Changkeng Joint Venture Agreement (the "Changkeng Silver Interest"); and (c) the New Exploration Permits acquired and to be acquired by Minco China in respect of certain mineral properties adjoining the Fuwan and Changkeng Properties and known as the Luoke-Jilinggang and Guyegang-Sanyatang properties and the Dadinggang property (in respect of which an application for an exploration permit has been made but not yet issued as of the date of the Company's Prospectus). In consideration for the assignment of these interests, the Company issued 14,000,000 Common Shares to Minco Mining.
Joint Venture Agreement dated September 28, 2004	Joint Venture Agreement between Minco Silver Corporation and GGEDC dated September 28, 2004

Amended Joint Venture Agreement dated November 19, 2004	The Company and GGEDC entered into a formal joint venture agreement dated September 28, 2004, as amended November 19, 2004 which replaces and supersedes the Preliminary Fuwan Agreement. The purpose of the joint venture is to conduct further exploration and to assess the economic viability of developing silver deposits on the Fuwan Property. Pursuant to the Fuwan Joint Venture Agreement, the Company and GGEDC have agreed to establish a cooperative joint venture company with limited liability to be known as "Guangdong Minco-Nanling Mining Co., Ltd." to serve as the vehicle through which the business of the Fuwan Joint Venture will be undertaken.
Strategic Alliance Agreement dated October 4, 2004	The Company, Minco Mining and Silver Standard Resources Inc. entered into a strategic alliance agreement pursuant to which they have agreed to jointly pursue silver dominant projects in the PRC exclusively through the Company. Initially, the Company will pursue this goal through its participation in the Fuwan Joint Venture. Under the terms of the Agreement, Silver Standard initially invested $2,000,000 in the Company to acquire a 20% equity interest in the Company. This investment took the form of a subscription by Silver Standard for 4,000,000 of the 2004 Special Warrants. Silver Standard also holds preferential purchase rights to participate in future financings of the Company with the ability to increase its equity interest in the Company to a maximum of 30%.
Transfer Agreement dated November 19, 2004	Pursuant to an agreement made between 757 Team and Minco China dated November 19, 2004, as amended November 19, 2004 (the "757 Transfer Agreement"), the 757 Team agreed to sell to Minco China its interests in the property which is the subject of he Fuwan Exploration Permit in consideration for the purchase price of 10.33 million RMB (approximately $1.5 million). Pursuant to a confirmation agreement dated May 5, 2005 among Minco Mining, Minco China and the Company, Minco China has confirmed that it holds its interest in the Fuwan Exploration Permit in trust for the Fuwan Joint Venture. As at the date of the Company's Prospectus, the acquisition of the 757 Team's interests in this exploration permit has been completed and the Fuwan Exploration Permit, which replaces the original exploration permit held by the 757 Team, has been issued to Minco China and is held in trust for the Fuwan Joint Venture. The 757 Transfer Agreement provides that the purchase price for the Fuwan Exploration Permit is to be paid in three instalments as follows: (a)40% (4,132,000 RMB or $600,000) within 30 days of receipt of approval from MOLAR to the transfer of the Fuwan Exploration Permit and within one week of Minco China's decision to proceed with the purchase following the receipt of results of a drilling inspection program on the Fuwan Property (the "Commencement Date"); (b) 30% (3,099,000 RMB or $456,000) within 12 months after the Commencement Date; and (c) 30% (3,099,000 RMB or $456,000) within 24 months after the Commencement Date.
Confirmation Agreement dated May 2, 2005	The Fuwan Joint Venture is conducting its business through Minco China which holds the requisite business license and also holds, on behalf of the Fuwan Joint Venture, its interests in the Fuwan Exploration Permits in trust for the Fuwan Joint Venture pursuant to a confirmation agreement dated May 5, 2005 made among Minco Mining, Minco China and the Company.
Exploration Permit #0100000510045 dated April 7, 2005	The prospecting permit issued by Chinese governmental (The Ministry of Land and Resources, Guangdong Province) authorities to Minco China with respect to the Fuwan Property which expires on July 20, 2007.
Exploration Permit #0100000510046 dated April 7, 2005	The Exploration Permit #0100000510046 issued by The Ministry of Land and Resources, Guangdong Province, China
Exploration Permit #0100000510047 dated April 7, 2005	The Exploration Permit #0100000510047 issued by The Ministry of Land and Resources, Guangdong Province, China
Exploration Permit #0100000520120 dated July 20, 2005	The prospecting permit issued by Chinese governmental (The Ministry of Land and Resources, Guangdong Province) authorities to Minco China with respect to the Fuwan Property which expires on July 20, 2007.

Contract to Explore and Development Fuwan Silver & Multi-Metals Resources in Guangdong Province dated January 10, 2006	Contract to Explore and Develop Fuwan Silver & Multi-Metals Resources in Guangong Province between Minco Silver Corporation and Guangdong Geological Exploration and Development Corp. dated January 10, 2006

The consulting agreements in connection with remuneration to certain members of management are described in Item 13 – "Interest of Management and Others in Material Transactions".

ITEM 16. INTERESTS OF EXPERTS

The following independent consultants prepared technical reports for the Company pursuant to National Instrument 43-101 on the following projects:

Eugene Puritch, P.Eng. and Tracy Armstrong, P.Geo P & E Mining Consultants Inc.	Fuwan Silver Property – Guangdong Province, China Changkeng Gold Property – Guangdong Province, China
Lyle Morgenthaler, B.A.Sc., P.Eng.,	Yangshan Gold Project Anba Property, Gansu Province, China Fuwan Silver Property – Guangdong Province, China Changkeng Gold Property – Guangdong Province, China

ITEM 17. ADDITIONAL INFORMATION

General

Additional information on Minco Mining & Metals Corporation may be found on the Company's website at www.mincomining.ca and on SEDAR at www.sedar.com and on EDGAR at www.sec.gov. Additional information is also provided in the Company's consolidated financial statements for the fiscal year ended December 31, 2005 and management discussion and analysis for the year ended December 31, 2005 as filed with SEDAR on March 30, 2006.

The Company will provide to any person, or company, upon request to the corporate secretary of the Company, copies of the following documents:

a) when the securities of the Company are in the course of a distribution under a preliminary short form prospectus or a short form prospectus.

   i) one copy of this Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference herein;
   ii) one copy of the comparative audited consolidated financial statements of the Company for its most recently completed financial year together with the accompanying report of the auditor and one copy of any interim financial statement of the Company issued subsequent to the financial statements of its most recently completed financial year;
   iii) one copy of the proxy information circular of the Company in respect of its upcoming annual meeting of the shareholders that involves the election of directors or one copy of any filing prepared in lieu of that information circular as appropriate; or

b) at any other time, one copy of any other documents referred to in paragraphs a) (i) (ii) and (iii) above, providing the Company may require the payment of a reasonable charge if a person who is not a security holder of the Company makes the request.

The above documents can be obtained upon request to the Corporate Secretary of the Company as follows:

Minco Silver Corporation
Suite 1980 Guinness Tower
1055 West Hastings Street
Vancouver, BC V6E 2E9
Telephone 604-688-8002 and Fax (604) 688-8030
Email: info@mincosilver.ca or at www.mincosilver.ca

SCHEDULE "A"

MINCO SILVER CORPORATION
CORPORATE GOVERNANCE CHARTER

The following is the Company's Corporate Governance Charter.

In accordance with the disclosure requirements of Toronto Stock Exchange and using the Corporate Governance Guidelines set out in Section 474 of the Toronto Stock Exchange Company Manual as a reference (the "Guidelines"), the Board of Directors of the Company has adopted the following statement of corporate governance practices:

1. The Board acknowledges its responsibility for the stewardship of the Company in the following ways:

   (i) The Board participates in strategic planning by considering and, if deemed appropriate, adopting plans proposed and developed by management, with management having the primary responsibility for developing a strategic plan.
   (ii) The Board considers the risks inherent in the mining industry and receives periodic assessments from management as to these risks and the Company's strategies to manage these risks.
   (iii) The Board reviews the personnel needs of the Company from time to time, having particular regard to succession issues relating to senior management. The training and development of personnel is generally left to management.
   (iv) The Board assesses from time to time how effectively the Company communicates with shareholders, but does not have a formal communication policy.
   (v) The Board, through the Audit Committee and in conjunction with its auditors, assesses the adequacy of the Company's internal control and management information systems.

   The foregoing does not and is expressly not intended to alter, affect or expand in any way the legal duties of the directors to manage or supervise the management of the affairs and business of the Company.

2. The Guidelines define an "unrelated director" as a director who is independent of management and is free from any interest and any business or other relationship which could, or could be perceived to, materially interfere with the director's ability to act with a view to the best interests of a corporation, other than interests and relationships arising from shareholdings. The Guidelines further state that if the Company has a "significant shareholder", the board should include a number of directors who do not have interests in or relationships with either the Company or the significant shareholder.

   The Company does not have a "significant shareholder" which, as defined by the Guidelines, is a shareholder with the ability to exercise a majority of votes for the election of the board of directors. The entrepreneurial nature of the Company, and the current stage of the Company's development, make it appropriate for the Board to be composed of the present number and composition of directors, and the Board believes that when balanced against the attendant increase in cost to the Company and possible reduction in the efficiency with which decisions are made, it would not be warranted to significantly increase the size of the Board or change the Board's composition at this time.

3. The Board has not constituted a nominating committee to propose new Board nominees and for assessing directors' performance as the Company is too small to justify a formal process in this regard. However, the Board as a whole from time to time discusses potential candidates for the Board.

4. For the reasons cited in 3 above, the Board has not constituted a committee to assess the effectiveness of the Board as a whole or the contribution of individual directors.
5. The Company does not have a formal process of orientation and education for new members of the Board as some senior Board members currently have considerable experience as members of the boards of other public companies.
6. The Board has considered its size with a view to the impact of size upon its effectiveness and has concluded that the number of directors as presently constituted is appropriate for the Company given the complexity and current stage of development of the Company's business. The Board as presently constituted includes considerable experience in the mining industry and generally in the resource sector as well as financial experience.
7. Board members are presently compensated in the manner described under "Executive Compensation" and the Board has determined that the level of compensation is appropriate having regard to the responsibilities and risks associated with Board membership and the compensation provided to Boards of similar companies.
8. The Board of Directors has expressly assumed the responsibility for developing the Company's approach to governance issues and in responding to governance guidelines.
9. The Company has not formally developed position descriptions for the Board and the Chief Executive Officer. However, the Board is satisfied that senior management is fully aware of their responsibilities and those matters which are within their mandate.
10. The Board has functioned, and is of the view that it can continue to function, independently of management as required. The Board has not met without management present, given management representation on the Board and given that in view of the size of the Company and the nature of its business, it is essential that those having an intimate knowledge of the Company's operations be present during important Board discussions. Notwithstanding the foregoing, if the Board believed it was appropriate and meaningful, it would formalize a process whereby the Board could meet in the absence of management for the handling of the Board's overall relationship with management.
11. The Audit Committee is composed of two outside and unrelated directors and one inside and related director. The roles and responsibilities of the Audit Committee have been specifically defined and include responsibility for overseeing management reporting on internal control. The Audit Committee has direct communication channels with the external auditors. The external auditors report directly to the Audit Committee. Due to its size, the Company has no formal internal audit process. The Audit Committee also recommends to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report, as well as the compensation to be paid to the external auditor.
12. The Board has not adopted a formal system which would enable an individual director to engage an outside advisor at the expense of the Company. If such an engagement were deemed appropriate, it is anticipated that such a request would be brought by the particular director to the Board for consideration.

In addition to the foregoing corporate governance practices, the Company has also adopted a Communications Policy. Both the Toronto Stock Exchange (the "TSX") and the various provincial securities commissions encourage companies to adopt their own internal communications policies (the "Communications Policy").

To facilitate this, the TSX and the Canadian Securities Administrators (the "CSA") have issued similarly-worded guidelines – the former is found in Part IV(B) "Timely Disclosure" of the TSX Company Manual; the latter in National Policy 51-201, "Disclosure Standards". The Company's Communications Policy incorporates the aforementioned TSX and CSA guidelines.

SCHEDULE "B"

MINCO SILVER CORPORATION
COMPENSATION COMMITTEE CHARTER

The Compensation Committee is composed of three outside and unrelated directors, Messrs. Quartermain, Dawe and Lee. Below is the full disclosure of the Compensation Committee Charter.

COMPENSATION COMMITTEE CHARTER

Purpose

The purpose of the Compensation Committee shall be to:

(a) establish, review and recommend to the Board of Directors of Minco Silver Corporation (the "Company") compensation and incentive plans and programs; and
(b) review and approve compensation and awards under compensation and incentive plans and programs for the CEO and senior officers;

with the intention of attracting, retaining and appropriately rewarding employees in order to motivate their performance in the achievement of the Company's business objectives and align their interests with the long-term interests of the Company's shareholders.

Committee Membership

The members of the Committee shall be appointed by the Board of Directors. The Committee shall be composed of not less than three members of the Board. The Chairman of the Committee shall be designated by the Board of Directors. Compensation Committee members serve at the pleasure of the Board, and Committee members may be replaced by the Board.

Independence

The members of the Nominating Committee must be "independent" of the Company as defined in Canadian *National Instrument 58-101 - Disclosure of Corporate Governance Practices*. A Nominating Committee member is independent if he or she has no direct or indirect material relationship with the Company. A "material relationship" includes a relationship which could, in the view of the Company's Board of Directors, be reasonably expected to interfere with the exercise of a member's independent judgement.

Meetings

The Compensation Committee will meet as often as the Chair shall determine to be necessary or appropriate.

Authority and Resources

The Committee may request any officer or employee of the Company or the Company's outside counsel to attend a Committee meeting. The Committee has the right at any time to obtain advice, reports or opinions from internal and external counsel and expert advisors and has the authority to hire independent legal, financial and other advisors as it may deem necessary, at the Company's expense, without consulting with, or obtaining approval from, any officer of the Company in advance.

Compensation Committee Duties and Responsibilities

Duties and responsibilities of the Compensation Committee include:

- reviewing and making recommendations to the Board of Directors with respect to the compensation, including compensation criteria and incentives and annual performance review, of the Chief Executive Officer, for final approval by the Board of Directors;
- reviewing and providing guidance to the Board of Directors with respect to the compensation, including compensation criteria and incentives, of the executive officers of the Company, as recommended by the Chief Executive Officer, for final approval by the Board of Directors;
- reviewing and providing guidance to the Board of Directors with respect to the compensation, including compensation criteria and incentives, of the directors of the Company;
- reviewing and making recommendations to the Board of Directors regarding other plans that are proposed for adoption or adopted by the Company for the provision of compensation to employees of, directors of and consultants to the Company;
- advising on the development of management succession plans by the Board;
- preparing an annual report on executive compensation to the shareholders of the Company for the management information circular for the annual and general meeting of the Company's shareholders;
- reviewing and assessing, annually, the Compensation Committee charter and submitting any changes deemed necessary or advisable for approval of the Board of Directors; and
- performing other functions as requested by the Board of Directors.