MINCO SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2015

This Management's Discussion and Analysis ("MD&A") of Minco Silver Corporation ("Minco Silver" or the "Company") has been prepared on the basis of available information up to March 30, 2016 and should be read in conjunction with the audited consolidated financial statements and related notes for the years ended December 31, 2015. The Company's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All dollar amounts are expressed in Canadian dollars unless otherwise indicated. Refer to Note 3 of the December 31, 2015 audited consolidated financial statements for disclosure of the Company's significant accounting policies.

The Company's audit committee reviews the consolidated financial statements and MD&A, and recommends approval to the Company's board of directors.

Additional information, including the above mentioned audited financial statements for the year ended December 31, 2015 and the MD&A and Annual Information Form ("AIF") for the same period, which contain extensive disclosure of the history and properties of the Company, are available on SEDAR.

Minco Silver (TSX: MSV) was incorporated under the laws of British Columbia, Canada on August 20, 2004. Minco Silver is engaged in the acquisition, exploration and development of precious metals mineral properties and projects.

The Company indirectly through its wholly owned subsidiary Minco Investment Holding HK Limited ("Minco HK") owns a 90% beneficial interest in the shares of Foshan Minco Mining Co. Ltd. ("Foshan Minco") subject to a 10% net profit interest held by the Guangdong Geological Bureau ("GGB") which owns the Fuwan Silver Project, situated along the northeast margin of the Fuwan Silver Belt in Guangdong Province, People's Republic of China ("China").

On July 31, 2015, the Company, through Minco HK, acquired Minco Resources Limited ("Minco Resources") and its subsidiaries, which owns a 51% interest in the Changekeng Gold Project. The Changkeng Gold Project is located immediately adjacent to the Fuwan Silver Project.

As at December 31, 2015, the Company had these Chinese subsidiaries: Minco Yinyuan Co. (Minco Yinyuan), Minco HK, Foshan Minco (90% ownership),Zhongjia Jinggu Limited (Zhongjia), Minco Mining (China) Corporation ("Minco China"), Yuanling Minco Mining Ltd. ("Yuanling Minco"), Tibet Mining Co. Ltd. ("Tibet Minco"), Huaihua Tiancheng Mining Ltd. ("Huaihua"), Minco Resources Limited ("Minco Resources), Guangdong Mingzhong Mining Co. Ltd. ("Mingzhong") (51% ownership), Beijing Minco International Resources Investment Services Ltd. ("International Resources").

As at December 31, 2015, the Company had 59,631,418 common shares, 735,000 performance share units and 6,485,667 stock options granted for a total of 66,852,085 fully diluted common shares outstanding.

At the date of this MD&A, the Company has 59,663,083 common shares, 735,000 performance share units and 5,374,002 stock options, for a total of 66,852,085 fully diluted common shares outstanding. Minco Gold Corporation ("Minco Gold") owns 18.45% of the outstanding shares of the Company.

Table of Contents

1. Highlights for the Year

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

On May 22, 2015, the Company entered into a share purchase agreement (the “SPA”) with Minco Gold and Minco Investment Holdings HK Ltd. (“Minco HK”). Pursuant to the SPA, the Company agreed to purchase all of the issued and outstanding shares of Minco Resources, a wholly owned subsidiary of Minco Gold. Minco Resources holds 100% of Minco China, which owns certain subsidiaries including legal ownership of Foshan Minco and a 51% interest in Mingzhong. Mingzhong owns the Changkeng Gold Project.

Before the completion of the SPA, Foshan Minco is legally owned by Minco China which held in trust for the Company and the Company funded the Fuwan Project through Minco China. By acquiring control of Minco China, the Company obtained legal ownership of Foshan Minco and consequently the trust agreements related to the holding of Foshan Minco and the funding of the Fuwan Project have been cancelled.

This acquisition (“Minco Gold Transaction’) has been accounted for as an asset purchase, as Minco Resources and its subsidiaries did not meet the definition of a business as defined in IFRS 3 *Business Combinations*.

The following summarizes the consideration paid and preliminary estimates of fair value of assets acquired and liabilities assumed:

Consideration	
Short-term investment	$ 10,016,397
Settlement of loan payable from Minco Gold to Minco Silver	3,700,000
Transaction costs	69,627
Total consideration	13,786,024
Net assets acquired	
Cash	1,249,209
Receivables	91,901
Prepaid expenses and deposits	126,035
Property, plan, and equipment	76,555
Mineral interest	25,312,695
Accounts payable and accrued liabilities	(195,595)
Due to related parties	(199,703)
Minority interest share of the assets acquired	(12,675,073)
	$ 13,786,024

A majority of the consideration was paid in the form of short-term investments. A net cash inflow of $1,452,910 as result of the transaction mainly represented cash balances held within the entities acquired.

2. Exploration and Project Development Activities

2.1 Disclosure of Technical Information

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

The National Instrument 43-101 ("NI 43-101") compliant technical report entitled "Technical Report and Updated Resource Estimate on the Fuwan Property Guangdong Province, China", dated January 25, 2008, prepared by Eugene Puritch, P. Eng. Ontario, Tracy Armstrong, P. Geo Ontario, and Antoine Yassa, P.Geo. Québec, all of P&E Mining Consultants Inc. ("P&E"). This technical report includes relevant information regarding the data, data validation and the assumptions, parameters and methods of the mineral resource estimates on the Fuwan Silver Project.

Minco Silver Corporation issued a News Release dated May 12, 2008 entitled "Minco Silver Announces a 31% increase in the Indicated Resource on its Fuwan Silver Project".

The NI 43-101 compliant technical report entitled "Fuwan Silver Project Feasibility Study Technical Report" effective date September 1, 2009 (the "Feasibility Study") prepared by John Huang, P.Eng., S. Byron V. Stewart, P.Eng., Aleksandar Živković, P.Eng. and Scott Cowie, B.Eng, MAusIMM, all of Wardrop Engineering Inc. ("Wardrop"), and Eugene Puritch, P.Eng. of P&E and all qualified persons for NI 43-101. This technical report includes relevant information regarding the data, data validation and the assumptions, parameters and methods used in determining the ore reserves on the Fuwan Silver Project.

All other disclosure of a scientific or technical nature in this MD&A was reviewed and approved by Thomas Wayne Spilsbury, an independent director of Minco Silver, a Member of the Association of Professional Engineers and Geoscientists of BC (P Geo), a Member of the Australian Institute of Geoscientists and a Fellow of the Australasian Institute of Mining and Metallurgy CP (Geo) and a "qualified person", as defined in NI 43-101.

2.2 Fuwan Silver Project

The Company's principal property is the Fuwan Silver Project located in Gaoming County approximately 45 km southwest of Guangzhou, the fourth largest city in China with more than 13 million people and the capital city of Guangdong Province. The Company's objective is to develop the Fuwan Silver/Changkeng Gold Projectand commence commercial mining operations on the property.

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

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

The Guyegang-Sanyatang permit expires on March 17, 2017. The Company has submitted the renewal application for the Hecun permit that was originally set to expire on April 7, 2014. The renewal applications are currently being processed by the Ministry of Land and Resources.

2.2.1 Current Developments on the Fuwan Silver Project

During the year ended December 31, 2015, with the purchase of the interest in the Changkeng Gold Project, the Company plans to optimize the combined mining footprint of the Fuwan and Changkeng Gold Projects. The Changkeng Gold Project immediately adjoins the existing Fuwan Silver Project.

During 2014 and 2013, the Company made efforts to regain the support of local communities and had productive discussions with Zhaoqian District government and Gaoyao County government to develop the Fuwan Silver Project before the submission of the revised EIA report to Guangdong EPA department. In 2013, the Company conducted a new survey among local communities concerning the development of the Fuwan Silver Project and obtained very strong support from the locals. On May 26, 2013, Gaoyao County government issued an official approval of the development of the Fuwan Silver Project to the Company.

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

The Company engaged General Station for Geo-Environmental Monitoring of Guangdong Province ("GSGEM") for a water monitoring study to comply with the new water regulations issued by the Ministry of Environmental Protection of China effective on June 1, 2011. GSGEM carried out the required monitoring study and prepared all reports required for compliance with the new National Water Guidelines. The Company successfully completed the field work in January 2012 and received the comprehensive water monitoring report from GSGEM in April 2012. The report concluded that the Company is in compliance with the requirements of the National Water Guidelines.

Revision of the EIA report has been completed incorporating the results from the water monitoring survey report. The revised EIA will be submitted to the Guangdong Environment Protection Administration ("EPA") as soon as they are accepting new EIA reports.

The preliminary mine design was completed in 2013 by China Nerin Engineering Co. Ltd ("NERIN").

The following summarized significant progress made in Permitting and Approval on the Fuwan Silver Project:

- The Chinese Preliminary Feasibility Study was completed by Changsha Non-Ferrous Mine Design Institute and approved by an expert panel.
- The Mining Area Permit, which covers approximately 0.79 sq. km, defines the mining limits of the Fuwan Silver Project and restricts the use of this land to mining activities was approved by MOLAR. The renewed permit expires on April 10, 2016. The Company will apply for the renewal of this permit.
- The Soil and Water Conservation Plan was completed and approved.
- The Geological Hazard Assessment was completed and approved in September 2009.
- The Mine Geological Environment Treatment Plan was reviewed and approved by the Environment Committee of China Geology Association.
- The preliminary Safety Assessment draft report was completed in December 2011 and submitted to the Safety Bureau of Guangdong Province for approval.

2.2.2 Feasibility Study, Resource Estimates, and Exploration Program

As the Company intends to combine and develop the Changkeng Gold Project and the Fuwan Silver Project as one project (the Fuwan-ChangKeng Project"), A new feasibility study for the combined Fuwan-Changkeng Project has been prepared by CHALIECO, a Chinese design engineering institute based in Changsha, Hunan, China during the year ended December 31, 2015.This feasibility study ("Feasibility Study") has been prepared only for the Company's internal use and some of the information within may not be in compliance to the national instrument 43-101 standards.

The Company will take reference from the Feasibility Study in planning the next step of development of the Fuwan-ChangKeng Project as sensitivity analysis conducted on metal prices, operating cost and capital cost undertaken as part of the Feasibility Study are within the conditions that currently exist.

A comprehensive discussion of the Resource Estimate and Exploration Program are included in the Company's AIF for the year ended December 31, 2015, dated March 30, 2016 and is available on SEDAR at www.sedar.com.

2.3 Changkeng Gold Project

The following is a discussion of the Company's Changkeng Gold Project, which was acquired from Minco Gold Corp. on July 31, 2015.

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

2.3.1 Location

The Changkeng Gold Projects is immediately adjoined to the Fuwan Silver Project and situated close to well-established water, power and transportation infrastructure.

2.3.2 Ownership

Mingzhong, a cooperative joint-venture established among Minco China, Guangdong Geological Bureau, Guangdong Gold Corporation, and two private Chinese companies to jointly explore and develop the Changkeng Property, signed a purchase agreement in January 2008 to buy a 100% interest in the Changkeng Exploration Permit on the Changkeng Gold Project from 757 Exploration Team. The transfer of the Changkeng Exploration Permit from 757 Exploration Team to Mingzhong was approved by the MOLAR in 2009. The Changkeng Exploration Permit has been recently renewed to September 10, 2017

2.3.3 Geology, Drilling Program and Resources Estimate

There have been no significant changes in the geology, drilling program and resource estimate during the year ended December 31, 2015.

During the year ended December 31, 2015, the Company did not conduct any exploration activities, except for maintaining the Changkeng exploration permit.

As discussed in the section for Fuwan Silver Project, the Company is reviewing the information provided by the Feasibility Study for the future exploration and development of the combined Fuwan-Changkeng Project.

3. Results of Operations

3.1 Selected Annual Information

The following table summarizes selected financial information for the most recent three years ended December 31.

	2015 $	2014 $	2014 $
Total revenue	-	-	-
Net income (loss)	6,680,947	(1,665,516)	(2,987,033)
Income (loss) per share – basic and diluted	0.11	(0.03)	(0.05)
Total assets	123,352,022	92,564,638	92,709,802
Total long-term financial liabilities	-	-	-
Cash dividends declared per share for each class of share	-	-	-

For the year ended December 31, 2015 and 2014

Net income for the year ended December 31, 2015 was - 6,680,947 ($0.11/share) compared to a net loss of $1,665,516 (loss of $0.03/share) in 2014, an improvement of 8,346,463. The improvement was mainly an increase in foreign exchange gain of $3,134,589 (2015 - $4,173,854; 2014 - $1,038,828), an increase in gain on disposal of investment of $4,792,888 (2015 - $4,792,888; 2014 - $Nil).

Total assets increased by $30,787,384 to $123,352,022. The increase was due to the appreciation of the USD and RMB against the Canadian dollar, the gain on investment, and the Minco Gold Transaction, which was partially offset by the general and administrative expenses incurred during the year and the payment made for the Minco Gold Transaction.

For the year ended December 31, 2014 and 2013

Net loss for the year ended December 31, 2014 was $1,665,516 (loss of $0.03 per share) compared to a net loss of $2,987,033 (loss of $0.05 per share) in 2013. Net loss decreased in 2014 compared to 2013 mainly due to the decrease in share-based compensation expense.

Total assets decreased by $145,164 to $92,564,638 as at December 31, 2014, but are relatively comparable to total assets of $92,709,802 as at December 31, 2013. The modest decrease in total assets was due to the unrealized loss on investment and general and administrative expenses incurred offset against the appreciation of the RMB against the Canadian dollar during the year.

3.2 Fourth Quarter

For the quarter ended December 31, 2015 and 2014

Net loss for the three months ended December 31, 2015 was $288,143 (loss of $0.00 per share) compared to a net loss of $255,428 (loss of $0.00 per share) in the fourth quarter of 2014, an increase of $32,715. The increase in loss was mainly a combined result of $ $154,488 increase in administrative expense (excluding foreign exchange effect) (2015 - 2015 – 916,995, 2014: 762,507), plus decrease in foreign exchange gain of $67,365 (2015 - $481,352 gain ; 2014 - $548,717 gain), which is partially offset by a decrase in other expense of - ($81,807 (2015 - $391,392, 2014 – 309,585)

The increase in administrative expense was mainly a result of having more operating subsidiaries after the completion of the Minco Gold Transaction

Net loss for the three months ended December 31, 2014 was $255,428 (loss of $0.00 per share) compared to a net loss of $155,766 (loss of $0.00 per share) in the fourth quarter of 2013.

The Company’s working capital was $58,603,418 as at December 31, 2015 compared to $58,757,232 as at the end of the third quarter ended September 30, 2015. The Change is not significant.

The Company's working capital was $60,101,207 at the end of the fourth quarter as at December 31, 2014 compared to $51,187,665 at the end of the third quarter as at September 30, 2014. The increase of $8,913,542 was due primarily to reclassifying the Company's investment as a current asset in the fourth quarter of 2014.

3.3 Exploration costs

As at December 31, 2015, the Company has the following accumulated cost incurred in connection with the Company's mineral interest:

	December 31, 2014	Addition-exploration	Addition-acquisition	Effect of change in foreign exchange rate	December 31, 2015
	$	$	$	$	$
Fuwan Silver Project	31,621,827	1,850,956	-	4,092,318	37,565,101
Changkeng Gold Project	-	346,203	25,312,695	452,056	26,110,954
Total	31,621,827	2,197,159	25,312,695	4,544,374	63,676,055

The following is a summary of costs incurred and capitalized for the Fuwan Silver Project for the years ended December 31, 2015, 2014 and 2013.

	2015	2014	2013	Accumulative cost ended December 31, 2015
	$	$	$	$
Consulting fees	657,446	499,689	893,527	5,633,243
Drilling	-	-	-	1,859,018
Labor costs	147,761	340,509	277,050	2,507,620
Feasibility study	110,813	-	-	1,991,340
Share-based compensation	215,132	385,338	1,466,225	7,231,142
Mining design costs	18,826	16,288	8,546	652,805
Mining license application	181,992	401,287	838,130	3,955,615
Environment impact assessment	57,277	12,872	78,120	1,036,459
Travel	65,664	63,801	84,704	588,685
Site office rent and related costs	396,045	210,263	188,577	2,486,977
Total before foreign exchange	1,850,956	1,930,047	3,834,879	27,942,904
Foreign exchange gain	4,092,318	2,321,814	2,522,521	9,622,197
	5,943,274	**4,251,861**	**6,357,400**	**37,565,101**

During the year ended December 31, 2015, the Company incurred $1,850,956, before a foreign exchange gain of $4,092,318, exploration expenditures for the Fuwan Silver Project compared to $1,930,047, before a foreign exchange gain of $2,321,814, for the comparative period of 2014. The decrease in exploration costs during the year was mainly due to the following:

- Labor costs for the year ended December 31, 2015 were $147,761 compared to $340,509 for the comparative period of 2014. The decrease was due to use of less labor during 2015.
- Mining license application fees for the year ended December 31, 2015 were $181,992 compared to $401,287 for the comparative period of 2014. The decrease was due to fewer activities incurred for mining license application in 2015.

- Share-based compensation for the year ended December 31, 2015 was $215,132 compared to $385,338 for the comparative period of 2014. The decrease was mainly due to fewer stock options vested during 2015.
- Cost incurred for consulting and feasibility study increased in 2015 as the Company finished a feasibility study in mid-2015 for internal reference of the future plan.
- Site office rent and related costs increased as the Company has added Changkeng Gold Project during 2015.

Total accumulated exploration costs were $37,565,101 as at December 31, 2015 (December 31, 2014 - $31,621,827).

During the year ended December 31, 2014, the Company incurred $1,930,047, before a foreign exchange gain of $2,321,814, on development for the Fuwan Silver Project compared to $3,834,879, before a foreign exchange gain of $2,522,521, for the comparative period of 2013. The decrease in exploration costs during the year was mainly due to the following:

- Consulting fees for the year ended December 31, 2014 were $499,689 compared to $893,527 for the comparative period of 2013. The decrease was due to the Company engaging an external consultant in China in 2013 to assist with the mining license application.
- Mining license application fees for the year ended December 31, 2014 were $401,287 compared to $838,130 for the comparative period of 2013. The decrease was due to the Company conducting an extensive new public opinion survey among local communities concerning the development of the Fuwan Silver Project in 2013. Also, additional meetings with agencies and consultants were held during the 2013 fiscal year.
- Share-based compensation for the year ended December 31, 2014 was $385,338 compared to $1,466,225 for the comparative period of 2013. The decrease was mainly due to the fact that no RSU were granted in 2014. The Company also granted fewer stock options in 2014 compared to 2013.

Total accumulated exploration costs were $31,621,827 as at December 31, 2014 (December 31, 2013 - $27,369,966).

The following is a summary of costs incurred and capitalized for the Changkek Gold Project for period from August 1, 2015 to the year ended December 31, 2015:

Acquisition	$ 25,312,695
Salaries and benefits	90,693
Feasibility study	255,064
Other development costs	446
Foreign exchange	452,056
Total	$ 26,110,954

3.4 Administrative expenses

The Company's administrative expenses includes overhead associated with administering and financing the Company's exploration activities. The Company maintains a field office in Gaoming and Gaoyao Counties, Guangdong province, an office in Beijing, China and an office in Vancouver, Canada.

The following table is a summary of the Company's administrative expenses for the three months and the years ended December 31, 2015, 2014 and 2013.

Administrative expenses (recovery)	Three months ended December 31,			Year ended December 31,		
	2015	**2014**	**2013**	**2015**	**2014**	**2013**
	$	$	$	$	$	$
Audit, legal and regulatory	90,110	71,368	84,469	284,789	246,236	328,194
Amortization	30,049	25,900	42,804	106,674	123,266	177,053
Consulting	72,606	82,087	24,904	161,074	226,390	68,633
Directors' fees	28,250	31,250	22,250	116,000	127,250	99,500
Field office expenses	277,291	138,104	190,012	860,980	686,418	563,576
Foreign exchange gain	(481,352)	(548,717)	(721,772)	(4,173,854)	(1,039,265)	(1,375,542)
Investor relations	6,849	1,741	13,038	16,297	15,350	175,225
Office administration	72,117	42,375	38,578	237,310	205,984	185,053
Property investigation	-	78,653	31,140	31,331	169,852	72,665
Rent	97,190	93,901	78,253	376,544	356,736	290,930
Salaries and benefit	158,302	119,354	170,159	440,095	431,477	451,214
Share-based compensation	82,993	73,961	309,103	146,742	750,226	2,393,720
Travel and transportation	1,238	3,813	4,038	27,780	36,956	28,777
	435,643	**213,790**	**286,976**	**(1,368,238)**	**2,336,876**	**3,458,998**

Administrative expenses for the three months ended December 31, 2015, exclusive of foreign exchange gains of $481,352, were $916,995 compared to $762,507 for the same period of 2014, exclusive of foreign exchange gain of $548,717.

Administrative expenses for the three months ended December 31, 2014, exclusive of foreign exchange gains of $548,717, were $762,507 compared to $1,008,748 for the same period of 2013, exclusive of foreign exchange gain of $721,772.

For the year ended December 31, 2015, the Company incurred a total of $2,805,616 of administrative expenses, exclusive of foreign exchange gains of $4,173,854, compared to $3,376,141 for the same period of 2014, exclusive of foreign exchange gain of $1,039,265.

For the year ended December 31, 2014, the Company incurred a total of $3,376,141 of administrative expenses, exclusive of foreign exchange gain of $1,039,265, compared to $4,832,540 for the same period of 2013, exclusive of foreign exchange gain of $1,375,542.

Significant changes in expenses are as follows:

Audit, legal and regulatory

Audit, legal and regulatory costs for the three months ended December 31, 2015 were $90,110 compared to $71,368 for the comparative period of 2014. The change is not significant.

Audit, legal and regulatory costs for the year ended December 31, 2015 were $284,789 compared to $246,236 for the comparative period of 2014. The increase was due to the Company engaging its external auditor for quarterly reviews in 2015.

Audit, legal and regulatory costs for the three months ended December 31, 2014 were $71,368 compared to $84,469 for the comparative period of 2013.The decrease was mainly due to a decrease in audit fees and a reduction in the use of external legal counsel in 2014.

Audit, legal and regulatory costs for the year ended December 31, 2014 were $246,236 compared to $328,194 for the comparative period of 2013. The decrease was due to the same reasons described above.

Consulting

Consulting fees for the three months ended December 31, 2015 were $72,606 compared to $82,087 for the comparative period of 2014. The decrease was mainly due to the Company engaging a consultant to act as the general manager for the Gaoyao office in 2014. The consulting agreement ended in the early 2015.

Consulting fees were $161,074 for the year ended December 31, 2015, compared to $226,390 for the comparative period of 2014. The decrease was due to the same reason described above.

Consulting fees for the three months ended December 31, 2014 were $82,087 compared to $24,904 for the comparative period of 2013. The increase was due to engaging a consultant to act as the general manager for the Gaoyao office and also engaging a stakeholder relations consultant during 2014.

Consulting fees were $226,930 for the year ended December 31, 2014, compared to $68,633 for the comparative period of 2013. The increase was due to the same reasons described above.

Field office expense

Field office expense for the three months ended December 31, 2015 were $277,291 compared to $138,104 for the comparative period of 2014. The increase was due to the new office expenses was mainly a result of having more operating subsidiaries after the completion of the Minco Gold Transaction

Field office expense was $860,980 for the year ended December 31, 2015, compared to $686,418 for the comparative period of 2014. The increase was due to the same reason described above.

Field office expense for the three months ended December 31, 2014 were $138,104 compared to $190,012 for the comparative period of 2013. The decrease was due to less field office activities happened during the fourth quarter of 2014.

Field office expense was $686,416 for the year ended December 31, 2014, compared to $563,576 for the comparative period of 2013. The increase was due to more business meetings conducted by the site offices in 2014.

Foreign exchange gains and losses

The foreign exchange gain was $481,352 for the three months ended December 31, 2015 compared to $548,717 for the comparative period of 2014. The Company held significant fund denominated in US dollar as at both period ends. Thus the Company's result was affected by the fluctuation of US dollar against Canadian dollars. The amount of foreign exchange gain (loss) incurred in each period depends on the exchange rates in those periods.

The foreign exchange gain was $4,173,854 for the year ended December 31, 2015 compared to $1,039,265 for the comparative period of 2014. The increase of the foreign exchange gain in 2015 was a combined result of two factors. Firstly, the Company had a higher cash and short-term investment balance denominated in US dollar during 2015 (2015 – US$22.3 million; 2014 – US$12.4 million) and the US dollar appreciated against Canadian dollar by approximately 18% during 2015 (2014 – 9%).

The foreign exchange gain was $548,717 for the three months ended December 31, 2014 compared to a foreign exchange gain of $721,772 for the comparative period of 2013. The foreign exchange gain during the three month period in 2014 was due to an appreciation of the US dollar and RMB against the Canadian dollar.

The foreign exchange gain was $1,039,265 for the year ended December 31, 2014 compared to a foreign exchange gain of $1,375,542 for the comparative period of 2013. The foreign exchange gain in 2014 and 2013 was due to appreciation of US dollar against Canadian dollar in those years.

Salaries and benefits

Salaries and benefits for the three month ended December 31, 2015 were $158,302 compared to $119,354 for the comparative period in 2014. The increase was due to the supporting staff added to the Company after the completion of the Minco Gold Transaction.

Salaries and benefits for the year ended December 31, 2015 were $440,095, which was in line of $431,477 for the comparative period of 2014.

The Salaries and benefits for the three month ended December 31, 2014 were $119,354 compared to $170,159 for the comparative period in 2013. The decrease was mainly due to the departure of the former CFO during the second quarter of 2014.

Salaries and benefits for the year ended December 31, 2014 were $431,477 compared to $451,214 for the comparative period in 2013. The decrease was due to the same reason above. Benefits accrued for the departure of the Company's former CFO were recorded during the second quarter of 2014.

Office administration expenses

Office administration expenses for the three months ended December 31, 2015 were $72,117 compared to $42,375 for the comparative period of 2014. The increase was mainly due to the completion of Minco Gold Transaction on July 31, 2015 that has added more subsidiaries to the Company.

Office administration expenses for the year ended December 31, 2015 were $237,310 compared to $205,984 for the comparative period of 2014. The increase was due to the same reason described above.

Office administration expenses for the three months ended December 31, 2014 were $42,375, which was in line of $38,578 for the comparative period of 2013.

Office administration expenses for the year ended December 31, 2014 were $205,984 compared to $185,053 for the comparative period of 2013. The increase was mainly due to additional director and officer liability insurance costs in 2014.

Property investigation

Property investigation expense was $Nil for the three months ended December 31, 2015 compared to $78,653 for the comparative period of 2014. The Company focus more in the exploration work relating to the newly acquired Changkeng Gold project and did not have other property investigation during this quarter.

Property investigation expense was $31,331 for the year ended December 31, 2015 compared to $169,852 for the comparative period of 2014. The decrease was due to the same reason described above.

Property investigation expense was $78,653 for the three months ended December 31, 2014 compared to $31,140 for the comparative period of 2013. The increase was due to the Company's Vice President of Business Development increasing his time spent on the Company's operations during 2014.

Property investigation expense was $169,852 for the year ended December 31, 2014 compared to $72,665 for the comparative period of 2013. The increase was due to the same reason as described above.

Share-based compensation

Share-based compensation for the three months ended December 31, 2015 were $82,993 compared to $73,961 for the comparative period of 2014. The increase was mainly due to new options granted during the fourth quarter of 2015 and the timing of options vested.

Share-based compensation decreased to $146,742 for the year ended December 31, 2015 from $750,226 for the comparative period in 2014. The decrease was mainly due to the timing of options vested in these two years.

Share-based compensation for the three months ended December 31, 2014 were $73,961 compared to $309,193 for the comparative period of 2013. The decrease was mainly due to the reduced number of options and reduced value per stock option granted in 2014 compared to 2013.

Share-based compensation decreased to $750,226 for the year ended December 31, 2014 from $2,393,720 for the comparative period in 2013. The decrease was due to the same reason described above.

3.5 Finance and other income (expenses)

To date the Company has not earned revenue from operations other than interest income earned on short-term investments.

Interest income

Interest income for the year ended December 31, 2015 was $911,213 which is consistent to $980,945 for the comparative period of 2014.

Other expenses

During the year ended December 31, 2015, Minco China incurred $268,100 (2014 - $40,344) to complete the exchange the US funds into RMB The exchange of US dollars into RMB requires approval from the State Administration of Foreign Exchange ("SAFE"). In order to obtain SAFE approval to effect the foreign currency exchange, Minco China, has engaged a third party consultant to enter into purchase and sales transactions to exchange US dollars into RMB.

The Company also recorded other expenses of $123,292 to expense a non-refundable deposit paid on a consulting agreement during the year ended December 31, 2015 (2014 - $269,241).

4. Summary of Quarterly Results

Period ended	Net income (loss) attributable to shareholders	Income (loss) attributable to shareholders per share	
		Basic	Diluted
	$	$	$
12-31-2015	(162,465)	(0.00)	(0.00)
09-30-2015	1,793,178	0.03	0.03
06-30-2015	3,658,536	0.06	0.06
03-31-2015	1,537,937	0.03	0.03
12-31-2014	(255,428)	(0.01)	(0.01)
09-30-2014	(17,310)	(0.00)	(0.00)
06-30-2014	(1,139,929)	(0.02)	(0.02)
03-31-2014	(252,849)	(0.00)	(0.00)

Variations in quarterly performance over the eight quarters were primarily due to changes in foreign exchange rates and share-based compensation. Appreciation or depreciation of the US dollar can result in significant foreign exchange gains and losses due to the US dollar funds held by the Company.

Net income of $1.5 million for the period ended March 31, 2015 was mainly due to the Company recording a foreign exchange gain and a gain on the partial disposition of its Gold Road Resources Limited investment.

Net income of $3.7 million for the period ended June 30, 2015 was mainly due to the Company recording a gain of $4.2 million on the disposition of its Gold Road Resources Limited investment.

Net income of $1.8 million for the period ended September 30, 2015 was mainly due to the Company recording a foreign exchange gain during the period.

5. Liquidity and Capital Resources

5.1 Cash Flows

	Years ended December 31,	
	2015	2014
	$	$
Operating activities	(2,638,401)	(1,763,621)
Financing activities	-	18,666
Investing activities	12,573,459	(11,216,495)

Operating activities

For the year ended December 31, 2015, the Company used $2,368,401 of cash in operating activities compared to $1,763,621 for the comparative period of 2014. This is mainly due to having more filed office and administration expenses incurred after the completion of Minco Gold Transaction.

Financing activities

For the year ended December 31, 2015, the Company recorded $Nil in financing activities compared to $18,666 proceeds received from the exercise of stock options during 2014.

Investing activities

For the year ended December 31, 2015, the Company generated $12,573,459 of cash in investing activities compared to cash used of $11,216,495 in 2014. The increase of cash was mainly a combined result of receiving $18,682,204 from the disposition of investment in the common shares of Gold Road Resources Limited, receiving $11,288,990 from redemption of short-term investment, receiving $1,347,693 in connection with the completion of the Minco Gold Transaction, and use of cash of $16,941,170 in the purchase of short-term investment.

5.2 Capital Resources

The Company uses the following key financial measurements to assess its financial condition and liquidity:

	December 31,	December 31
	2015	2014
	$	$
Working capital	58,603,418	60,101,207
Cash and cash equivalents	26,202,564	11,938,544
Short-term investment	32,143,068	33,560,374

The Company's working capital has decreased to $58,603,418 as at December 31, 2015 compared to $60,101,207 at the year end of 2014. The decrease in working capital was due primarily to the day-to-day use of cash to support the Company's operations, and payment of cash consideration for the acquisition of the Changkeng Gold Project from Minco Gold, partially offset by the appreciation of the RMB and US dollar against the Canadian dollar, and a gain recorded on the disposition of the Company's investments in 2015. The Company does not generate revenues and relies on equity and debt financing for its working capital requirements to fund exploration, development, permitting and administrative activities. As at December 31, 2015, the Company has sufficient working capital available to meet its current operational and development obligations.

Minco China is a wholly owned subsidiary of Minco Resources. Minco China is a registered entity in China however it is classified as being a wholly foreign owned entity ("WFOE") and therefore can receive foreign investment. Foshan Minco, the entity which owns the Fusan Silver Project, is a Chinese company with registered capital denominated in RMB and therefore can only receive domestic investment from Minco China. Increases to the registered capital of Foshan Minco must be denominated in RMB.

For the cash denominated in RMB that is maintained in China, the remittance of funds to jurisdictions outside China is subject to government rules and regulations on foreign currency controls. Such remittance requires approval by the relevant government authorities or designated banks in China or both.

All of the Company's China operating subsidiaries had accumulated losses. However, if these Chinese subsidiaries become profitable in the future and have extra cash that can pay to the parent company outside China, the repatriations of profits out of China are subject to restrictions. In order to repatriate profits from China, the Company must comply with Chinese regulations pertaining to repatriations. Minco China must provide the following documents to its Chinese bank: (i) a board resolution authorizing the distribution; (ii) a capital verification report and an audit report; (iii) a tax certificate, which shows that Minco China has paid the related tax in compliance with Chinese laws; and (iv) a foreign exchange registration certificate.

5.3 Contractual Obligations

The Company`s contractual obligations are related to a cost sharing agreement between the Company, Minco Gold and Minco Based Metal Corp. ("MBM"), related parties domiciled in Canada, and outlines shared expenses incurred by the three companies including consulting and rental expenses. The cost sharing agreement is renegotiated or amended by the parties as needed.

Other than the operating lease in connection with the shared agreement, the does not have other long-term obligation.

	Payments due by period				
Contractual obligations	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
	$	$	$	$	$
Long-term debt	-	-	-	-	-
Capital lease obligations	-	-	-	-	-
Operating leases (1)	1,363,416	758,273	588,687	14,105	2,351
Other obligations (2)	665,000	665,000	-	-	-
Total contractual obligations	2,028,416	1,423,273	588,686	14,105	2,351

(1) Office rental payments – Canada and China

(2) Key management personnel and consultant, accounts payable and accrued liabilities

5.4 Use of Proceeds from Public Offering

The Company closed a public offering by way of short form prospectus, of 7,600,000 common shares at a price of $5.95 per share for gross proceeds of $45,220,000 on March 3, 2011. The Company intends to use the funds towards its ongoing efforts to complete the permitting process for the Fuwan Silver Project and for general corporate purposes. In the event that the Company receives all permits and licenses required to construct and operate the mine on the Fuwan Silver Project, a portion of the funds will be used to partially fund the pre-production capital costs of the mine. The total pre-production capital costs of the Fuwan Silver Project are estimated to be US$73,060,000 based on the Feasibility Study Technical Report published by the Company effective September 1, 2009. This report is available on the Company's website and on SEDAR.

During the year ended December 31, 2014, the Company purchased 47,719,423 common shares of Gold Road Resources Limited for $13,889,316 for investment purposes. During the year ended December 31, 2015, the Company disposed all of its common shares of Gold Road Resources Limited for net proceeds of $18,682,204.

During 2015, the Company purchased all the outstanding shares of Minco Resource for $13,716,397. The purchase consideration included net settlement of the advance from Minco Silver to Minco Gold in the amount of $3,700,000.

The planned use of proceeds from the public offering has not significantly changed for the year ended December 31, 2015 compared to the Company's initial plan.

Use of the proceeds in funding the pre-production capital costs of the Fuwan Silver Project will not occur until the permitting process is completed, allowing the Company to construct and operate the Fuwan Silver Project mine.

6. off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

7. Transactions with Related Parties

Funding of Foshan Minco

Up to July 31, 2015, the Company was not able to invest directly in Foshan Minco as Foshan Minco was legally owned by Minco Gold. All historical funding supplied by the Company for exploration of the Fusan Silver Project first went through Minco China via Minco Gold and Minco Resources to comply with Chinese law. In the normal course of business the Company used trust agreements when providing cash, denominated in US dollars, to Minco China via Minco Gold for the purpose of increasing the registered capital of Foshan Minco. Upon completion of the acquisition of Minco Resources and Minco China, the trust agreement was eliminated.

During the year ended December 31, 2013, the Company advanced US $20 million to Minco China via Minco Resources and Minco Gold in accordance with a trust agreement signed on April 30, 2013 in which Minco Silver agreed to advance US $20 million to Minco China to increase Foshan Minco's registered capital. Minco China will exchange these US funds into RMB.

Minco China is required to exchange the US dollars into RMB, before the money can be used to increase the registered capital of Foshan Minco. The exchange of US dollars into RMB requires approval from the State Administration of Foreign Exchange ("SAFE"). In order to obtain SAFE approval to effect the foreign currency exchange, Minco China, on behalf of Minco Silver has previously engaged a third party consultant to enter into a purchase and sales transaction to exchange US dollars into RMB. During the year ended December 31, 2015, Minco China paid and accrued consultancy fees totaling RMB 1,304,709 ($268,100) (2014 – RMB 139,632 ($25,063)) due to a third party, who assisted in the completion of the currency exchange from US funds into RMB.

Shared expenses

Minco Silver and Minco Gold share offices and certain administrative expenses in Beijing up date of July 31, 2015 and in Vancouver throughout all of 2015. Amounts due from Minco Gold as at December 31, 2015 were $177,330 (December 31, 2014 – $3,603,847), representing the shared office expenses and expenses in relation to the retained assets. As at December 31, 2014, the amount due from Minco Gold of $3,603,847, represented the fund advanced from Minco Silver to Minco Gold to support its operating activities in Canada, net of shared office expenses. This receivable was settled as part of the acquisition of the Changkeng Gold Project.

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

In the year ended December 31, 2015, the Company paid or accrued $101,701 (December 31, 2014 – $124,833, December 31, 2013 - $157,296) in respect of rent and $563,588 (December 31, 2014 – $663,667, December 31, 2013 - $617,044) in respect of shared head office expenses and administration costs to Minco Gold.

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

Key management compensation

In the year ended December 31, 2015, 2014 and 2013, the following compensation was paid to key management. Key management includes the Company's directors and senior management. This compensation is included in exploration costs and administrative expenses.

	2015	2014	2013
	$	$	$
Cash remuneration	784,608	1,026,436	873,124
Share-based compensation	274,632	745,925	2,751,426
	1,059,240	1,772,361	3,624,550

8. Critical Accounting Estimates and Judgments

The preparation of the Company's consolidated financial statements requires management to use judgment in applying its accounting policies, estimates and assumptions about the future. Estimates and other judgments are continuously evaluated and are based on management's experience and other factors, including expectations about future events that are believed to be reasonable under the circumstances. The following discusses the most significant accounting judgments and estimates that the company has made in the preparation of the financial statements:

Impairment

Mineral Interests

In accordance with the Company's accounting policy, the Company's mineral interest is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, which is judgmental, a formal estimate of recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset or cash generating group of assets is measured at the higher of fair value less costs to sell and value in use.

The evaluation of asset carrying values for indications of impairment includes consideration of both external and internal sources of information, including such factors as market and economic conditions, silver prices, future plans for the Company's mineral properties and mineral resources and/or reserve estimates.

Management has assessed for impairment indicators on the Company's mineral interest to determine whether the mineral interest might be impaired. Management has concluded that despite negative sentiments in the precious metals sector which contributed to the Company's carrying amount of net assets exceeding its market capitalization, the Company plans to continue with its objective of developing the Fuwan Silver project.

9. Accounting Standards and amendments issued but not yet applied

IFRS 9 *Financial Instruments*

IFRS 9 is a c*omprehensive standard to replace IAS 39, Financial Instruments:* Recognition and Measurement. It includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. An early adoption of this standard is permitted; however, the mandatory adoption date is for annual periods beginning on or after January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 16 replaces the previous leases standard IAS 17, *Leases and Related Interpretations*, and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). Effective January 1, 2019, an entity can choose to apply IFRS 16, but only if it also applies IFRS 15, Revenue from Contracts with Customers. The Company will evaluate the impact of the change to the consolidated financial statements based on the characteristics of leases outstanding at the time of adoption.

10. Financial Instruments

Financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of operations or comprehensive loss. Those categories are: fair value through profit or loss. Loans and receivables, available-for-sale and amortized cost for liabilities.

The following table shows the carrying values of assets and liabilities for each of these categories at December 31, 2015 and December 31, 2014.

	December 31, 2015	**December 31, 2014**
Loans and receivables	**$**	**$**
Cash and cash equivalents	26,202,564	11,938,544
Short-term investments	32,143,068	33,560,374
Receivables	517,359	370,903
Due from related parties	177,330	3,603,847
Available-for-sale		
Investment	-	10,865,140
Other financial liabilities		
Accounts payable and accrued liabilities	638,550	419,592

Investments were measured at fair value based on quoted market price and are a level 1 fair value measurement. The Company makes strategic securities purchases from time to time for investment purposes depending on market conditions and any other relevant factors.

Financial instruments that are not measured at fair value are represented by cash and cash equivalent, short-term investments, receivable, accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying value due to their short-term nature.

Due from related parties amounts are unsecured, non-interest bearing and payable on demand.

Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. Risk management activities are carried out by management, who identifies and evaluates the financial risks.

Foreign exchange risk

The functional currency of the Company is the Canadian dollar and the functional currency of its Chinese subsidiaries is RMB. Most of the foreign currency risk is related to US dollar funds held by the Company and its Chinese subsidiaries. Therefore, the Company's net earnings are impacted by fluctuations in the valuation of the US dollar in relation to the Canadian dollar and RMB.

The Company does not hedge its exposure to currency fluctuations. The Company has completed a sensitivity analysis to estimate the impact that a change in foreign exchange rates would have on the net loss of the Company, based on the Company's net US$22.3 million monetary assets as at December 31, 2015. This sensitivity analysis shows that a change of +/- 10% in US$ foreign exchange rate would have a -/+ US$2.2 million impact on net loss.

Interest rate risk

Financial instruments that expose the Company to interest rate risk are cash and cash equivalents and short-term investments.

The Company has completed a sensitivity analysis to estimate the impact that a change in interest rates would have on the net loss of the Company. This sensitivity analysis shows that a change of +/- 100 basis points in interest rate would have a -/+ $0.6 million impact on net loss. This impact is primarily as a result of the Company holding short-term investments such as guaranteed investment certificates and as a result of the Company having cash invested in interest bearing accounts.

11. Risks Factor and Uncertainties

A comprehensive discussion of risk factors is included in the Company's AIF for the year ended December 31, 2015, dated March xx, 2016 available on SEDAR at www.sedar.com.

12. Disclosure Controls and Procedure and Internal Controls over Financial Reporting

Management has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee.

Management has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. Management has evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2015 and has concluded, based on its evaluation, that these controls and procedures provide reasonable assurance that material information relating to the Company is made known to management and reported as required. Management is also responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The control framework used to design the Company's internal control over financial reporting is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management has evaluated the effectiveness of design and operation of the Company's internal controls over financial reporting as at December 31, 2015. Based on the result of this assessment, management has concluded that the Company's internal controls over financial reporting are effective.

The Company completed the Minco Gold Transaction on July 31, 2015 and acquired various Chinese subsidiaries from Minco Gold. Given Minco Gold and Minco Silver shared office and accounting staff in their Beijing office, the addition of these new subsidiaries did not cause material changes in the Company's internal control over financial reporting. There have been no material changes in the Company's internal control over financial reporting during 2015,

13. Cautionary Statement of Forward Looking Information

Except for statements of historical fact, this MD&A contains certain "forward looking information" and "forward looking statements" within the meaning of applicable securities laws, which reflect management's current expectations regarding, among other things and without limitation, the Company's future growth, results of operations, performance and business prospects, opportunities, future price of minerals and the effects thereof, the estimation of mineral reserves and resources, the timing and amount of estimated capital expenditures, the realization of mineral reserves estimates, costs and timing of proposed activities, plans and budgets for and expected results of exploration activities, exploration and permitting timelines, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation obligations and expenses, the availability of future acquisition opportunities and use of the proceeds of from financing. Generally, forward looking statements and information can be identified by the use of forward looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes" or variations of such words and phrases or statements that certain actions events or results "may", "could", "would", "might", "will be taken", "occur" or "be achieved" or the negative connotation thereof.

Forward looking statements are made based upon certain assumptions and other important factors that, if untrue, could cause the actual results, performances or achievements of the Company to be materially different from future results, performances or achievements expressed or implied by such statements. Such statements and information are based on numerous assumptions regarding present and future business strategies and the environment in which the Company operates, including the price of silver, anticipated costs and ability to achieve goals. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward looking statements include, among others, silver price volatility, mineral reserves and resources and metallurgical recoveries, mining operational and development risks, litigation risks, regulatory restrictions (including environmental regulatory restrictions and liability), activities by governmental authorities (including changes in taxation), currency fluctuations, the speculative nature of mineral exploration, the global economic climate, dilution, share price volatility, competition, loss of key employees, additional funding requirements and defective title to mineral claims or property.

Although the Company has attempted to identify important factors that could cause actual events or results to differ materially from those described in forward looking statements, there may be other factors that cause events or results not be as anticipated, estimated or intended.

Such forward looking information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements expressed or implied by statements containing forward looking information. Such factors include, among others: results of exploration and development activities, management's historical experience with development-stage mining operations, regulatory changes, possible variations in reserves, grades or recovery rates, availability of material and equipment, timeliness of governmental approvals, changes in commodity prices (particularly silver prices), general economic, market and business conditions, unanticipated environmental impacts on operations, the availability of capital of acceptable terms, and the other factors discussed in the section entitled "Risk and Uncertainties" in this MD&A.

Forward looking statements included or incorporated by reference in this MD&A are based on a number of assumptions including:

- The Company being able to successfully complete the Mining License Application process and begin construction of the Fuwan Silver mine.
- The approval of the Company's revised EIA by Chinese authorities.
- The continued availability of equity and debt financing to fund the completion of the Fuwan Silver Project mine and other exploration and development activities.
- Intended use of proceeds from the Company's previous public offering.
- The continued ability of the Company to attract and retain key management personnel.

- The ability of the Company to evaluate precious metals project outside China for potential acquisition.
- The ability of the Company to pursue an alternative strategy in finding a large mining group in China as a business partner.
- The Company is able to withdraw money from China when needed (e.g. to finance acquisition of new mineral properties at areas other than China).

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that statements containing forward looking information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on statements containing forward looking information.

The Company undertakes no obligation to update forward looking information if circumstances or management's estimates or opinions should change except as required by law. Users of this MD&A are cautioned not to place undue reliance on forward looking statements.