

Minco Silver Corporation

Condensed Consolidated Interim Financial Statements

For the three months end March 31, 2018 and 2017

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

NOTICE TO READER

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

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

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

Dr. Ken Cai
President and CEO

Larry Tsang, CPA, CA
Chief Financial Officer

Vancouver, Canada

May 11, 2018

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Minco Silver Corporation

Condensed Consolidated Interim Statements of Financial Position

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

	March 31, 2018	December 31, 2017
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (note 3)	20,630,653	22,102,526
Short-term investments (note 4)	28,235,940	25,338,081
Receivables	660,711	612,140
Due from related parties (note 9)	218,245	-
Prepaid expenses and deposits	253,937	250,001
	<u>49,999,486</u>	<u>48,302,748</u>
Mineral interests (note 5)	65,455,664	61,098,589
Property, plant and equipment	<u>207,772</u>	<u>208,662</u>
	<u>115,662,922</u>	<u>109,609,999</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	199,583	474,699
Due to minority shareholders of a subsidiary (note 6)	364,632	164,000
Due to related parties (note 9)	52,131	27,523
	<u>616,346</u>	<u>666,222</u>
Equity		
Equity attributable to owners of the parent		
Share capital (note 8)	107,538,681	107,538,681
Contributed surplus	26,010,673	25,498,500
Accumulated other comprehensive income	11,799,749	6,530,421
Deficit	(42,178,374)	(41,767,830)
	<u>103,170,729</u>	<u>97,799,772</u>
Non-controlling interest (note 6)	<u>11,875,847</u>	<u>11,144,005</u>
Total equity	<u>115,046,576</u>	<u>108,943,777</u>
Total liabilities and equity	<u>115,662,922</u>	<u>109,609,999</u>

Approved by the Board of Directors:

(signed) Maria Tang Director

(signed) George Lian Director

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

Minco Silver Corporation

Condensed Consolidated Interim Statements of Operations and Net Loss For the three months ended March 31, 2018 and 2017

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

Three months ended March 31,	2018	2017
	\$	\$
Administrative expenses		
Audit, legal and regulatory	49,722	40,586
Amortization	15,632	18,997
Consulting	19,825	19,746
Directors' fees	25,250	25,250
Field office expenses	124,864	96,408
Investor relations	5,866	10,767
Office administration expenses	41,503	36,631
Rent	77,597	79,239
Salaries and benefits	97,981	138,390
Share-based compensation (note 8(b))	366,801	282,923
Travel and transportation	24,850	16,524
Loss before finance and other income (expenses)	(849,891)	(765,461)
Finance and other income (expenses)		
Foreign exchange gain (loss)	86,003	(209,684)
Loss on short-term investment	(14,911)	(692)
Interest income	228,475	124,735
Other income (expenses)	102,025	(78)
Net loss for the period	(448,299)	(851,180)
Net loss attributable to:		
Shareholders of the Company	(410,544)	(823,238)
Non-controlling interest	(37,755)	(27,942)
	(448,299)	(851,180)
Loss per share – basic and diluted	(0.01)	(0.01)
Weighted average number of common shares outstanding – basic and diluted	60,246,413	60,423,988

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

Minco Silver Corporation

Condensed Consolidated Interim Statements of Comprehensive Income (Loss)

For the three months ended March 31, 2018 and 2017

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

Three months ended March, 31	2018	2017
	\$	\$
Net loss for the period	(448,299)	(851,180)
Other comprehensive income (loss)		
Exchange differences on translation from functional to presentation currency	6,038,925	(91,907)
Comprehensive income (loss) for the period	5,590,626	(943,087)
Comprehensive income (loss) attributable to:		
Shareholders of the Company	4,858,784	(903,045)
Non-controlling interest	731,842	(40,042)
	5,590,626	(851,180)

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

Minco Silver Corporation

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2018 and 2017

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

	Changes in Shareholders' Equity							
	Number of Shares	Share capital \$	Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Subtotal \$	Non-controlling interest \$	Total equity \$
Balance - January 1, 2017	60,246,413	107,216,932	22,682,099	6,795,087	(36,692,296)	100,001,822	11,318,341	111,320,163
Net loss for the period	-	-	-	-	(823,238)	(823,238)	(27,942)	(851,180)
Other comprehensive loss	-	-	-	(79,807)	-	(79,807)	(12,100)	(91,907)
Share-based compensation	-	-	417,337	-	-	417,337	-	417,337
Proceeds on issuance of shares from exercise of options	269,999	194,635	(73,635)	-	-	121,000	-	121,000
Balance – March 31, 2017	60,516,412	107,411,567	23,025,801	6,715,280	(37,515,534)	99,637,114	11,278,299	110,915,413
Balance - January 1, 2018	60,246,413	107,538,681	25,498,500	6,530,421	(41,767,830)	97,799,772	11,144,005	108,943,777
Net loss for the period	-	-	-	-	(410,544)	(410,544)	(37,755)	(448,299)
Other comprehensive income	-	-	-	5,269,328	-	5,269,328	769,597	6,038,925
Share-based compensation	-	-	512,173	-	-	512,173	-	512,173
Balance – March 31, 2018	60,246,413	107,538,681	26,010,673	11,799,749	(42,178,374)	103,170,729	11,875,847	115,046,576

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

Minco Silver Corporation
Condensed Consolidated Interim Statements of Cash Flows
For the three months ended March 31, 2018 and 2017

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

Three months ended March 31,	2018	2017
	\$	\$
Operating activities		
Net loss for the period	(448,299)	(851,180)
Adjustments for:		
Amortization	15,632	18,997
Foreign exchange loss (gain)	(86,003)	209,684
Share-based compensation (note 8(b))	366,801	282,923
Loss on short-term investment	9,453	692
Changes in items of working capital:		
Receivables	(16,227)	(186,694)
Prepaid expenses and deposits	7,856	33,488
Accounts payable and accrued liabilities	(292,578)	(242,906)
Due to related parties (note 9)	(193,536)	(29,680)
Net cash used in operating activities	<u>(636,901)</u>	<u>(764,676)</u>
Financing activities		
Proceeds from a share subscription of a 51%-owned subsidiary	200,632	-
Proceeds from stock option exercises	-	121,000
Net cash generated from financing activities	<u>200,632</u>	<u>121,000</u>
Investing activities		
Development costs	(227,015)	(289,934)
Property, plant and equipment	(1,517)	6,589
Purchase of investments	-	(269,521)
Purchase of short-term investments	(1,949,995)	(6,665,087)
Redemption of short-term investments	250,000	5,462,484
Net cash used in investing activities	<u>(1,928,527)</u>	<u>(1,755,469)</u>
Effect of exchange rates on cash and cash equivalents	<u>892,923</u>	<u>(208,256)</u>
Decrease in cash and cash equivalents	(1,471,873)	(2,607,401)
Cash and cash equivalents - Beginning of period	<u>22,102,526</u>	<u>20,195,199</u>
Cash and cash equivalents - End of period	<u>20,630,653</u>	<u>17,587,798</u>

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

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

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

1. General information

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

2. Basis of preparation

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

Information of the Company’s subsidiaries as at March 31, 2018 is as follows:

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

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

Minco Silver Corporation

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise stated)

2. Basis of preparation (continued)

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These condensed consolidated interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2017, which were prepared in accordance with IFRS as issued by the IASB.

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those applied in the preparation of the consolidated annual financial statements for the recent year ended December 31, 2017 except the adoption of IFRS 9, commencing January 1, 2018.

IFRS 9, Financial Instruments, addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 *Financial Instruments: Recognition and Measurement* for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. Requirements for financial liabilities are largely carried forward from the existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income.

There are no impacts to the Company’s financial statements for the adoption of IFRS 9 (note 11)

These condensed consolidated interim financial statements were approved by the board of directors for issue on May 11, 2018.

3. Cash and cash equivalents

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

	March 31, 2018	December 31, 2017
	\$	\$
Cash	2,984,113	9,983,575
Term deposits	17,646,540	12,118,951
	<u>20,630,653</u>	<u>20,102,526</u>

As at March 31, 2018, cash and cash equivalents of \$16,320,725 (December 31, 2017 - \$15,662,255) resided in China. Under Chinese law, cash advanced to the Company’s Chinese subsidiaries as registered share capital is maintained in the subsidiaries’ registered capital bank account. Remittance of these funds back to Canada requires approvals by the relevant government authorities or designated banks in China or both

Minco Silver Corporation

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise stated)

4. Short-term investments

As at March 31, 2018, short-term investments consisted of the following:

	Currency	Amount (\$)	Term	Interest per annum
			June 18, 2018 to	
Corporate bonds	USD	4,129,897	November 4, 2019	3.22 % to 4.93%
Term deposit	USD	3,596,617	April 30, 2018	1.8 to 2.14%
Term deposit	RMB	16,444,431	6 to 12 months	1.6% to 2.15%
Term deposit	CAD	4,064,995	October 10, 2018	2.05%
		28,235,940		

As at March 31, 2018, short-term investments of \$16,444,431 (December 31, 2017 - \$15,441,479) resided in China.

5. Mineral interests

	\$
Fuwan Silver Deposit (a)	39,298,177
Changkeng Project (c)	26,157,487
Total mineral interests	65,455,664

(a) Fuwan Silver Deposit

Minco Silver has a 90% interest in Changfu Minco, the Company's China's operating subsidiary and permit holder for the Fuwan Silver Project, subject to a 10% net profit interest held by GGB. There will be no distributions to or participation by GGB, until such time as Minco Silver's investment in the project is recovered. GGB is not required to fund any expenditures related to the Fuwan Silver Project. The Exploration Permit for the Fuwan Silver Project is the Luoke-Jilinggang exploration permit, which expired on July 20, 2017, and is currently being renewed. The Mining Area Permit which defines the mining limits of the Fuwan Silver Project and restricts the use of this land to mining activities expires on April 10, 2018 and is being renewed. Permit renewal process is normal course for the Company's operation.

Following is a summary of the capitalized development expenditures of the Fuwan Silver Project from January 1, 2018 to March 31, 2018.

	\$
Opening Balance – January 1, 2018	36,626,372
Consulting fees	39,482
Salaries and benefits	72,524
Share-based compensation (note 8)	72,687
Mining license application	11,119
Travel	1,849
Other	84,929
Effect of change in the exchange rate with RMB	2,389,215
Ending Balance – March 31, 2018	39,298,177

Minco Silver Corporation

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2018 and 2017

(Expressed in Canadian dollars, unless otherwise stated)

5. Mineral interests (Continued)

(b) Fuwan Silver Belt

As at March 31, 2018, the Company had two active exploration permits on the Fuwan Silver Belt: the Hecun Property and the Guyegang-Sanyatang Property. The Guyegang-Sanyatang permit expires March 17, 2019, and the Hecun permit expires on August 12, 2018.

During the three months ended March 31, 2018, the Company did not conduct any regional exploration activities on the Fuwan Silver Belt, except for maintaining the exploration permits.

(c) Changkeng Gold Project

The Company holds 51% interest in Mingzhong which owns the Changkeng Gold Project. The Changkeng Gold Project immediately adjoins the Fuwan Silver Project.

The Changkeng exploration permit expires on September 10, 2019.

The following is a summary of project development costs capitalized to mineral interest from January 1, 2018 to March 31, 2018:

	\$
Opening Balance – January 1, 2018	24,472,217
Consulting	72,687
Share-based compensation (note 8)	39,482
Salaries and benefits	9,400
Effect of change in the exchange rate with RMB	1,563,701
Ending Balance – March 31, 2018	26,157,487

The Company intends to renew all the permits when they are expired in the future.

Although the Company has taken steps to verify the title to all the Company's mineral properties in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered agreements or transfers.

6. Non-controlling interest ("NCI")

Summarized statement for financial position of Mingzhong is as follow:

	March 31, 2018	December 31, 2017
NCI percentage	49%	49%
Current assets	\$ 697,651	\$ 291,755
Current liabilities	(934,983)	(554,576)
Net current assets (liabilities)	(237,332)	(262,821)
Non-current asset	25,510,794	23,948,038
Net assets	\$ 25,273,462	\$ 23,685,217
Accumulated NCI	\$ 11,875,847	\$ 11,144,005

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

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

6. Non-controlling interest (“NCI”) (continued)

Summarized income statement

	Three months ended March 31, 2018	Three months ended March 31, 2017
	\$	\$
Net loss	77,051	55,696
Loss allocated to NCI (49%)	37,755	27,942

Summarized cash flows

Three months ended March 31,	2018	2017
	\$	\$
Cash outflows from operating activities	(46,876)	(65,866)
Cash inflow (outflows) from investing activities	(82,087)	(28,921)

Mingzhong has initiated equity financing in late 2017 to raise capital to finance its operations and has received \$364,632 from the minority shareholders which has been recorded as a payable as at March 31, 2018. This equity financing is being finalized as of the date of this report.

7. Investments

The Company did not have investment as at March 31, 2018 (December 31, 2017 - \$Nil, March 31, 2017 - \$268,830).

During the three months ended March 31, 2017, the Company acquired a portfolio of common shares of public companies from open market. These investments are designated as fair-value-through-profit-or-loss (FVTPL) financial asset. The Company disposed all the investments in the fourth quarter of 2017 and has not acquired investment during the first quarter of 2018.

8. Share capital

(a) Common Shares

Authorized: Unlimited number of common shares without par value.

(b) Long-term Incentive Plan

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

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

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

8. Share capital (Continued)

(b) Long-term Incentive Plan (continued)

Stock Options

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

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

During the three months ended March 31, 2018, the Company granted 1,968,000 stock options to purchase common shares to employees, consultants and directors at an exercise price of \$0.69 per common share. These options vest over an 18-month period from the grant date and expire on February 14, 2023.

The Company recorded \$447,852 of the option component of share-based compensation for the three months ended March 31, 2018 (2017 - \$395,874). Share-based compensation of \$344,609 (2017 - \$276,913) was recorded in the statement of operations and \$103,243 (2017 - \$118,961) was capitalized to the mineral interests.

A continuity of the options outstanding is as follows:

	Number outstanding	Weighted average exercise price \$
Balance, January 1, 2017	4,280,672	1.43
Granted	4,000,000	1.40
Exercised	(458,335)	0.44
Expired	(1,415,000)	2.34
Forfeited	(257,000)	1.63
Balance, December 31, 2017	6,150,337	1.27
Granted	1,968,000	0.69
Expired	(812,000)	1.70
Forfeited	(155,000)	1.40
Balance, March 31, 2018	7,151,337	1.06

For three months ended March 31, 2018, the weighted average share price on the day options were exercised was \$Nil (2017 - \$1.38). As at March 31, 2018, there was \$839,576 (December 31, 2017 - \$568,722) of total unrecognized compensation cost relating to unvested options.

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

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

8. Share capital (continued)

Options outstanding				Options exercisable		
Range of exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price	
\$			\$			\$
0.42 – 0.50	673,337	2.47	0.42	673,337	0.42	
0.51 – 0.69	1,968,000	4.88	0.69	-	-	
0.70 – 0.81	665,000	0.81	0.80	665,000	0.80	
0.82 – 1.40	3,845,000	3.89	1.40	2,563,326	1.40	
	7,151,337	3.74	1.06	3,901,663	1.13	

The Company used the Black-Scholes option pricing model to determine the fair value of the options with the following assumptions:

	2018	2017
Risk-free interest rate	1.16%-2.09%	0.66%-1.16%
Dividend yield	0%	0%
Volatility	77% - 79%	75% - 79%
Forfeiture rate	24%	24%
Estimated expected lives	5 years	5 years

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

Performance share units ("PSU")

A summary of the PSUs outstanding is as follows:

	Number outstanding	Fair value per unit
		\$
Balance, January 1, 2018	1,000,000	1.40
Forfeited	(50,000)	1.40
Balance, March 31, 2018	950,000	1.40

On February 20, 2017, the Company granted 1,000,000 PSUs to employees and consultants of the Company, whereby 50% of these PSU vest upon the receipt of the final approval for the Environmental Impact Assessment (EIA) report for the Fuwan Silver Project or Changkeng Gold Project or the Combination of both. The remaining 50% vests upon the receipt of the mining

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

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

8. Share capital (continued)

Performance share units (“PSU”) (continued)

license issued by Ministry of Land and Resources (“MOLAR”) for the Fuwan Silver Project, or Changkeng Gold Project, or the combination of both (collectively the “Performance Criteria”).

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

The fair value of the PSU’s was estimated as \$1.40 per unit at the grant date based on the share price on that date. The Company recognizes compensation expenses equal to the market value of the PSU granted over the vesting period using the Black-Scholes option pricing model taking into consideration forfeiture estimates made based on the Company’s history.

During the three months ended March 31, 2018 the Company recorded \$64,323 (2017 - \$21,463) of share-based compensation to account for the vesting of PSUs. Share-based compensation of \$22,192 was recorded in the statement of operations (2017 - \$6,010) and \$42,131 was capitalized to the Fuwan Silver Deposit and the Changkeng Project (2017 - \$15,453) (Note 7 (a) and 7 (c)).

9. Related party transactions

(a) Shared office expenses

Minco Silver, Minco Gold Corp. (“Minco Gold”), and Minco Base Metals Corporation (“MBM”) have common officers and a common director. These three companies share offices and certain administrative expenses.

(b) Due to and due from related parties

	March 31, 2018	December 31, 2017
	\$	\$
Due from MBM (i)	218,245	-
Due to Minco Gold (ii)	52,131	27,523

(i) The amount of \$218,245 are shared office expenses and other expenditures paid by the Company on behalf of MBM pending reimbursement.

(ii) The amount of \$52,131 are share office expenses to be reimbursed to Minco Gold.

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

During the three months ended March 31, 2018, the Company paid or accrued \$17,871 (2017 – \$27,146) in respect of rent and \$78,147 (2017 – \$109,025) in respect of shared office expenses and administration costs to Minco Gold.

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

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

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

9. Related party transactions (continued)

(c) Key management compensation

During the three months ended March 31, 2018 and 2017, the following compensation was paid and accrued to key management. Key management includes the Company's directors and senior management. This compensation has been included administrative expenses and the Company's mineral interests (note 5).

	Three months ended March 31,	
	2018	2017
	\$	\$
Cash remuneration	165,754	162,042
Share-based compensation	341,956	305,716
	<u>507,710</u>	<u>467,758</u>

10. Geographical information

The Company's is considered operating in one segment for exploration and development of resource properties. The geographical division of the Company's assets is as follows:

	Canada	China	Total
	\$	\$	\$
March 31, 2018:			
Current assets	16,533,347	33,466,139	49,999,486
Non-current assets	4,103	65,659,333	65,663,436
December 31, 2017:			
Current assets	16,519,308	31,783,440	48,302,748
Non-current assets	4,964	61,302,287	61,307,251

11. Financial instruments and fair value measurements

The Company's financial instruments are as follows:

	March 31, 2018	December 31, 2017
	\$	\$
Loans and receivables (amortized cost):		
Cash and cash equivalents	20,630,653	22,102,526
Short-term investments	28,235,940	25,338,081
Receivables	660,711	612,140
Due from related parties	218,245	-
Other financial liabilities (amortized cost)		
Accounts payable and accrued liabilities	199,583	474,699
Due to minority shareholders of a subsidiary	364,632	164,000
Due to related parties	52,131	191,523

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2018 and 2017

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

11. Financial instruments and fair value measurements (continued)

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

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

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

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

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

The Company did not have financial assets measured at fair value through profit and loss on March 31, 2018.

12. Commitments

The Company has the following commitments in respect of its portion of office leases in China and Canada;

	\$
2018	380,209
2019	63,333
2020	53,347
2021 – 2023	128,868
	<hr/>
	625,757
	<hr/>