MINCO SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2018

This Management's Discussion and Analysis ("MD&A") of Minco Silver Corporation ("Minco Silver" or the "Company") has been prepared based on available information up to May 11, 2018 and should be read in conjunction with the audited consolidated financial statements and related notes for most recent year ended December 31, 2017 and the condensed consolidated interim financial statements for the three months ended March 31, 2018. 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 audited consolidated financial statements for the year ended December 31, 2017 for details of the Company's significant accounting policies.

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

Additional information, including the above mentioned audited financial statements for the year ended December 31, 2017 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 www.sedar.com under the Company's' profile.

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, through its wholly owned subsidiary Minco Investment Holding HK Limited ("Minco HK"), owns a 90% interest *in Changfu Minco Mining Co. Ltd, ("Changfu Minco*') which owns the Fuwan Silver Project that is situated along the northeast margin of the Fuwan Silver Belt in Guangdong Province, People's Republic of China ("China"). *T*he Guangdong Geological Bureau ("GGB") owns the remaining 10% interest in the Fuwan Silver project, through a net profit interest.

As at March 31, 2018, the Company had these Chinese subsidiaries: Minco Yinyuan Co. ("Minco Yinyuan"), Minco HK, Changfu 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, Guangdong Mingzhong Mining Co. Ltd. ("Mingzhong") (51% ownership), and Beijing Minco International Resources Investment Services Ltd. ("International Resources").

At the date of this MD&A, the Company has 60,246,413 common shares, 950,000 performance share units and 7,151,337 stock options outstanding, for a total of 68,347,750 fully diluted common shares outstanding.

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1. Exploration and Project Development Activities

1.1 Disclosure of Technical Information

Technical information or other scientific information of the Fuwan Silver Project are disclosed in two Technical Reports, which are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com under the Company's profile or on the Company's website at www.mincosilver.com.

Following is a summary:

A 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, was prepared by Eugene Puritch, P. Eng. Ontario, Tracy Armstrong, P. Geo Ontario, and Antoine Yassa, P.Geo. Québec. 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.

A NI 43-101 compliant technical report entitled "Fuwan Silver Project Feasibility Study Technical Report" effective date September 1, 2009 (the "Feasibility Study") was prepared by John Huang, P.Eng., S. Byron V. Stewart, P.Eng., Aleksandar Živković, P.Eng. and Scott Cowie, B. Eng, MAusIMM, and Eugene Puritch, P.Eng.. These preparers are 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.

The Company acquired Changkeng Gold Project from Minco Gold Corp. ("Minco Gold") on July 31, 2015. Technical Information of the Changkeng Gold Project is available 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 who are 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 and is available at www.sedar.ca under the profile of Minco Gold.

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.

The Company has not updated these three technical reports or feasibility study mentioned above since their initial publication. Readers are cautioned not to rely on the above mentioned technical reports/feasibility study for the assessment of the prospect of the Fuwan Silver Project and Changkeng Gold Project, and for the accuracy of certain numbers, including the mineral resources estimates, capital cost, development cost, preproduction cost and operating cost presented in this MD&A, which have been derived from the above mentioned technical reports.

1.2 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 14 million people and the capital city of Guangdong Province. The Company's objective is to develop the Fuwan Silver/Changkeng Gold Project and commence commercial mining operations on the property. As of March 31, 2018, the Company, through Changfu Minco, has three reconnaissance survey exploration permits on the Fuwan Silver Project (Luoke-Jilinggan 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 Project.

The Luoke- Jilinggang Permit expired on July 20, 2017 and is being renewed on the normal course.

The Guyegang-Sanyatang Permit expires on March 17, 2019.

The Hecun Permit expires on August 12, 2018.

1.3 Changkeng Gold Project

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

The Company has 51% interest in the Changkeng Project through its subsidiary Mingzhong, which is a cooperative joint-venture established with three Chinese partners.

The Changkeng exploration permit has been recently renewed and will expire on September 10, 2019.

1.3.3 Exploration Update

During the three months ended March 31, 2018, the Company did not conduct any exploration activities, except for maintaining the exploration permits of the Fuwan Silver Project and the Changekeng Gold Project.

1.4 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 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 report has been revised twice since 2015 to meet the Environmental Impact Assessment (“EIA”) requirements. The Company will make reference to the 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 study are within the conditions that currently exist.

1.5 Current Developments

Permitting

Following is a summary of the significant progress made in permitting of the Fuwan Silver Project:

- 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 the Ministry of Land and Resources (“MOLAR”). The Company has submitted the application to renew this Mining Area Permit at normal course
- The development plan of the combined Fuwan Silver Project and Changkeng Gold Project has been completed and is ready for submission to MOLAR.
- The latest EIA report for the combined Fuwan-Changkeng Project pending submitted to the government for approval.

Combination of Fuwan Silver Project and Changkeng Gold Project

During the three months ended March 31, 2018, the Company is in the process of combining the Fuwan Silver Project and the Changkeng Gold Project which adjoins the Fuwan Silver Project. The Company and the business partners are reviewing the combination plan including the determination of the percentage ownership of the Company and minority shareholders in the combined Fuwan-Changkeng project.

2. Results of Operations

Three months ended March 31,	2018	2017	Change from 2017 to 2018
	$	$	$
Operating loss	(849,891)	(765,461)	(84,430)
Finance and other income (expenses)	401,592	(85,719)	487,311
Net loss for the period	(448,299)	(851,180)	402,881

2.1 Exploration Costs

As at March 31, 2018, the Company has the following accumulated cost incurred in connection with the Company's mineral interest:

	December 31, 2017	Addition	Effect of change in foreign exchange rate	March 31, 2018
	$	$	$	$
Fuwan Silver Project	36,626,372	282,590	2,389,215	39,298,177
Changkeng Gold Project	24,472,217	121,569	1,563,701	26,157,487
Total	**61,098,589**	**404,159**	**3,952,916**	**65,455,664**

Fuwan Silver Project

The following is a summary of capitalized development cost of the Fuwan Silver Project for the three months ended March 31, 2018:

	Three months ended March 31, 2018	Accumulated to March 31, 2018
	$	$
Consulting fees	39,482	6,256,353
Drilling	-	1,859,018
Labor costs	72,524	3,256,430
Feasibility study	-	1,991,340
Share-based compensation	72,687	7,434,322
Mine design costs	-	66,687
Mining license application	11,119	4,539,083
Environment impact assessment	-	1,106,457
Travel	1,849	679,279
Site office occupancy costs and others	84,929	3,188,825
Total	282,590	30,972,795
Effect of change in the exchange rate of RMB	2,389,215	8,325,382
	2,671,805	**39,298,177**

The Company's mineral assets are in China and its carrying value is recorded in RMB. An appreciation or depreciation of RMB against Canadian dollar will have a positive or negative impact to the carrying value of the mineral properties. During the three months ended March 31, 2018. The RBM appreciated approximately 6.5 %, which resulted in an increase of value of $2,389,215.

Changkeng Gold Project

Following is a summary of capitalized development cost of the Changkeng Gold Project for the three months ended March 31, 2018:

	Three months ended March 31, 2018	Accumulated to March 31, 2018
	$	$
Acquisition	-	25,312,695
Consulting fees	72,687	283,615
Drilling	-	142,863
Feasibility study	-	112,201
Mining design and license application	-	49,523
Salary and benefits	9,400	395,138
Share-based compensation	39,482	385,577
Site office occupancy cost and others	-	3,538
Subtotal	121,569	26,685,150
Effect of change in the exchange rate of RMB	1,563,701	(527,663)
Total	**1,685,270**	**26,157,487**

2.2 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 ended March 31, 2018 and 2017:

Administrative expenses	**ref**	**2018**	**2017**	**Net changes from 2017 to 2018**
		$	$	$
Audit, legal and regulatory		49,722	40,586	9,136
Amortization		15,632	18,997	(3,365)
Consulting		19,825	19,746	79
Directors' fees		25,250	25,250	-
Field office expenses	a	124,864	96,408	28,456
Investor relations		5,866	10,767	(4,901)
Office administration		41,503	36,631	4,872
Rent		77,597	79,239	(1,642)
Salaries and benefit	b	97,981	138,390	(40,409)
Share-based compensation	c	366,801	282,923	83,878
Travel and transportation		24,850	16,524	8,326
Total		**849,891**	**765,461**	**84,430**

(a) The Company spent more effort in applying the mining license /permit in the current quarter

(b) The Company had less employees during the current quarter, thus incurred less salaries and benefits.

(d) The Company had more options vested during the current quarter, thus incurred higher share-based compensation.

2.3 Finance and Other Income (Expenses)

Three months ended March 31,	2018	2017	Net changes from 2017 to 2018
	$	$	$
Foreign exchange gain (loss)	86,003	(209,684)	295,687
Loss on short-term investment	(14,911)	(692)	(14,219)
Interest income	228,475	124,735	103,740
Other income (expenses)	102,025	(78)	102,103
Total	**401,592**	**(85,719)**	**487,311**

Foreign exchange gain (loss)

The Company's foreign exchange gain (loss) is a result of two components:

- The effect of the change of exchange rate between US dollar and Canadian dollar on cash and cash equivalent and short-term investment that were denominated in US dollars and are kept in Hong Kong and Canada.
- The effect of the change of exchange rate between US dollar and RMB on the US dollar denominated deposit and short-term investment held by the Company's Chinese subsidiaries. RMB is the functional currency of the Company's Chinese subsidiaries.

During the current quarter, US dollar appreciated approximately 2.8% against Canadian dollars and depreciated against RMB approximately 3.5% and resulted with a net foreign exchange gain of $86,003.

Interest income

The Company placed the funds on hands mainly in term deposits to earn interest income. Interest income increased in the current quarter, as the interest rate offered by financial institutions was higher in 2018.

3. Summary of Quarterly Results

	Income (loss) attributable to shareholders	Earnings (loss) per share Basic	Earnings (loss) per share Diluted
	$	**$**	**$**
03-31-2018	(410,544)	(0.01)	(0.01)
12-31-2017	(952,660)	(0.02)	(0.02)
09-30-2017	(1,646,051)	(0.03)	(0.03)
06-30-2017	(1,653,585)	(0.03)	(0.03)
03-31-2017	(823,238)	(0.01)	(0.01)
12-31-2016	196,352	0.00	0.00
09-30-2016	(50,138)	(0.00)	(0.00)
06-30-2016	(257,565)	(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.

4. Liquidity and Capital Resources

4.1 Cash Flows

	Three months ended March 31,	
	2018	**2017**
	$	$
Operating activities, cash outflow	(636,901)	(764,676)
Financing activities, cash inflow	200,632	121,000
Investing activities, cash outflow	(1,928,527)	(1,755,469)

Operating activities

During the three months ended March 31, 2018, cash used in its operating activities was not substantially different from 2017 as there was no significant change in business.

Financing activities

During the three months ended March 31, 2018, the Company received $Nil from options exercised (2017 - $121,000) and $200,632 for the receipt of share subscription to the Company's 51%-owned Chinese subsidiary Mingzhong from its minority shareholders (2017 - $Nil).

Investing activities

During the three months ended March 31, 2018, the Company used $1,928,527 cash for the investing activities compared to $1,755,469 use of cash in 2017. The Company used $227,015 in the maintenance of the mining permits (2017 - $289,934) and used net proceeds of $1,699,995 in the purchase of short-term investments (2017 - $1,202,603).

4.2 Capital Resources

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

	March 31, 2018	December 31 2017
	$	$
Working capital	49,383,140	47,636,526
Cash and cash equivalents	20,630,653	22,102,526
Short-term investment	28,235,940	25,338,081

The Company does not generate revenues and relies on equity financing for its working capital requirements to fund exploration, development, permitting and administrative activities.

The Company believes the working capital on hand is sufficient to meet its current operational and development obligations in the next 12-month operating period, and the Company is not subject to external constraint in using its resources on hand.

The Company keeps a significant amount of its cash, cash equivalent, and short-term investment in China in order to meet the capital and operating expenditures in the future development of the Company's Fuwan-Changkeng project. 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. The Company does not expect such withdrawal in the near future.

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. Minco China will comply with these requirements when needed.

4.3 Contractual Obligations

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

	Payments due by period				
	Total	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
	$	$	$	$	$
Rent, office lease	625,757	380,209	116,680	112,417	16,451

5. Off-Balance Sheet Arrangements

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

6. Transactions with Related Parties

(a) Shared office expenses

Minco Silver, 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.

(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 (section 2.1).

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

7. 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 for the Company's mineral interests and has concluded that no indicators of impairment were identified and the Company plans to continue with its objective of developing the combined Fuwan / Changkeng project.

8. Accounting Standards and Amendments Issued But Not Yet Applied

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). IFRS 16 is effective from January 1, 2019. We believe there are no material impacts to the Company's financial statements for the adoption of the new IFRS 16 in 2018.

9. Financial Instruments

Commencing January 1, 2018, the Company adopted IFRS 9 – Financial Instruments. IFRS 9 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.

The following table shows the carrying values of assets and liabilities for each of these categories at March 31, 2018 and December 31, 2017.

	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)		
Due to related party	52,131	27,523
Due to minority shareholders of a subsidiary	364,632	164,000
Accounts payable and accrued liabilities	199,583	474,699

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 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$14.1 million monetary assets as at March 31, 2018. This sensitivity analysis shows that a change of +/- 10% in US$ foreign exchange rate would have a
-/+ US$1.4 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. The Company mainly holds short-term investments such as guaranteed investment certificates at fixed interest rates. As a result, the Company is not exposed to significant interest rate risk.

10. Risks Factor and Uncertainties

A comprehensive discussion of risk factors is included in the Company's AIF for the year ended December 31, 2017 is available on SEDAR at www.sedar.com.

11. 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 March 31, 2018 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 March 31, 2018. Based on the result of this assessment, management has concluded that the Company's internal controls over financial reporting are effective.

12. 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 and gold, 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 and gold 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 and the change of environmental laws and regulations), 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 Project and Changkeng Gold Project
- 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 and Changkeng mine and other exploration and development activities.
- The Company uses of proceeds from the Company's previous public offering as intended
- 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 renew the exploration permits, mining area permit before their expiry.
- 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.