



MINCO 明科银矿公司
SILVER CORPORATION

ANNUAL INFORMATION FORM

For the year ended December 31, 2024

Dated as of March 21, 2025

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SCHEDULE "A" – AUDIT COMMITTEE CHARTER

ITEM 1. PRELIMINARY NOTES

1.1 Date of Information

Unless otherwise indicated, all information in this Annual Information Form is as of December 31, 2024.

1.2 Cautionary Statement Regarding Forward-Looking Information

Except for statements of historical fact, this Annual Information Form, contains certain "forward looking information" within the meaning of applicable securities laws, which reflect management's current expectations regarding, among other things and without limitation, Minco Silver Corporation's ("we", "our", "us", "its", the "Company" or "Minco Silver") 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 time-lines, 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 from financings. Generally, forward-looking 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" or "might" occur or "will be taken", "occur" or "be achieved" or the negative connotation thereof.

Forward-looking information is provided based upon certain assumptions and other important factors that, if untrue, could cause the Company's actual results, performances or achievements to be materially different from future results, performances or achievements expressed or implied by such statements. Such information is 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 the Company's ability to achieve its goals. Certain important factors that could cause actual results, performances or achievements to differ materially from those in the forward-looking information include, among others, silver price volatility, mineral reserves and resources and metallurgical recoveries, mining operations 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.

The forward-looking information included or incorporated by reference in this Annual Information Form is based on several assumptions including, but not limited to:

- The collection of the note and accrued interest;
- The continued availability of equity and debt financing to fund the Fuwan Project and Changkeng Project and other exploration and development activities;
- The continued ability of the Company to attract and retain key management personnel;
- The ability of the Company to evaluate precious metals projects inside and outside China for potential acquisition;
- The ability of the Company to renew the exploration permits and mining area permits before their expiry;
- The ability of the Company to pursue an alternative strategy in finding a large mining group as a business partner in China or outside China;
- The Company can withdraw sufficient money from China when needed to finance the acquisition of new mineral properties in areas other than China;

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; our 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 and gold prices; general economic, market and business conditions; and unanticipated environmental impacts on operations.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, other factors may cause results to be less anticipated, estimated or intended. Therefore, there can be no assurance that statements

containing forward-looking information will be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not rely on statements containing forward-looking information.

The Company undertakes no obligation to update forward-looking information if circumstances, management's estimates, or opinions should change, except as applicable law requires. Accordingly, readers of this Annual Information Form are cautioned not to rely on our forward-looking information.

1.3 Disclosure of Technical Information

Disclosure of scientific or technical information for the Fuwan Project has been disclosed in two technical reports, both available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedarplus.ca, or on the Company's website at www.mincosilver.ca. The reports are as follows:

A National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* ("NI 43-101") compliant technical report entitled "*Technical Report and Updated Resource Estimate on the Fuwan Property, Guangdong Province, China*", dated effective December 2, 2007, was prepared by Eugene Puritch, P. Eng. Ontario, Tracy Armstrong, P. Geo. Ontario and Antoine Yassa, P. Geo. Québec, all of P&E and all "qualified persons", as such term is defined in 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 Fuwan Project. For additional information, see Minco Silver's news release dated May 12, 2008, entitled "Minco Silver Announces a 31% increase in the Indicated Resource on its Fuwan Project", a copy of which is available on SEDAR.

A NI 43-101 compliant technical report entitled "*Fuwan Project Feasibility Study Technical Report*", dated effective September 1, 2009, was 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, and Eugene Puritch, P. Eng. of P&E, and all "qualified persons", as such term is defined in NI 43-101. This technical report includes relevant information regarding the data, data validation and assumptions, parameters and methods used to determine the Fuwan Project's ore reserves.

Technical Information respecting the Changkeng Project is primarily derived from a NI 43-101 compliant technical report prepared for Minco Capital Corp., formerly Minco Gold Corporation, entitled "*Technical Report and Updated Resource Estimate on the Changkeng 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 and all "qualified persons", as such term is defined in NI 43-101. This technical report includes relevant information regarding the data, data validation, and assumptions, parameters, and methods of the mineral resource estimates for the Changkeng Project.

All other disclosure of a scientific or technical nature in this Annual Information Form was reviewed and approved by Fang Wan, a Practicing Member of the Association of Professional Engineers and Geoscientists of Ontario (P. Geo) and a "qualified person", as such term is defined in NI 43-101.

The Company still needs to update the technical reports or feasibility study mentioned above since their initial publication. Therefore, readers are cautioned not to rely on the above-mentioned technical reports/feasibility study to assess the prospect of the Fuwan Project and Changkeng Project and not to determine the accuracy of certain numbers, including the mineral resources estimates, capital cost, development cost, preproduction cost and operating cost presented in this Annual Information Form, which has been derived from the above-mentioned technical reports.

1.4 Currency

All dollar amounts in this Annual Information Form are in Canadian dollars, except where otherwise indicated. The functional and reporting currency of Minco Silver is the Canadian dollar.

The following tables for each period indicate information concerning the exchange rates between the RMB, the US dollar, and the Canadian dollar based on the Bank of Canada's nominal noon exchange rates. The tables below illustrate the portion or multiples of a Canadian dollar needed to buy one RMB or US dollar.

Fiscal Year Ended December 31,	CDN\$ per RMB			
	Average	Low	High	Period End
2024	0.1903	0.1864	0.1975	0.1971
2023	0.1907	0.1817	0.2004	0.1863
2022	0.1934	0.1854	0.2036	0.1963
Fiscal Year Ended December 31,	CDN\$ per USD			
	Average	Low	High	Period End
2024	1.3692	1.3316	1.4416	1.4389
2023	1.3497	1.3128	1.3875	1.3226
2022	1.3013	1.2451	1.3856	1.3544

1.5 Glossary of Terms

- (a) "AIC" means an Administration for Industry and Commerce.
- (b) "AuEq" means Gold Equivalent.
- (c) "Changkeng Permit" means the renewed Changkeng Permit with an expiry date of November 21, 2022, covering an exploration area of 1.19 km² in the Changkeng Gold Project.
- (d) "Changkeng Project" or "Changkeng Project" means the 1.19 km² Changkeng gold property in Gaoyao County, Zhaoqing City of Guangdong Province in southern China, which adjoins the property underlying the Fuwan Silver Permit.
- (e) "Changkeng Technical Reports" means the NI 43-101 compliant technical reports entitled "*Technical Report and Resource Estimate on the Changkeng Gold Property, Guangdong Province, China*", dated effective March 1, 2008, and prepared for Minco Gold and "*Technical Report and Updated Resource Estimate on the Changkeng Gold Property, Guangdong Province, China*", dated effective February 21, 2009, and prepared for Minco Gold.
- (f) "Changfu" Means Guangdong Changfu Mining Co., Ltd. (China), a corporation incorporated in the Province of Guangdong under the laws of the People's Republic of China.
- (g) "CJV" has the meaning ascribed thereto in the section entitled "Chinese Mining Regulations – Foreign Investment".
- (h) "DOC" means a Department of Commerce.
- (i) "EIA" means environmental impact assessment.
- (j) "EJV" has the meaning ascribed thereto in the section entitled "Chinese Mining Regulations – Foreign Investment."
- (k) "ESHIA Report" means the Minco Silver Project Environmental Social and Health Impact Assessment Report.
- (l) "Feasibility Study" or "Fuwan Technical Report" means a NI 43-101 compliant technical report entitled "*Fuwan Project Feasibility Study Technical Report*", dated effective September 1, 2009.
- (m) "Fuwan Exploration Permit" means Luoke-Jilingang exploration permit, with an expiry date of March 8, 2026, covering an exploration area of 21.75 km² of the Fuwan Project.
- (n) "Fuwan Project" or "Fuwan Silver Project" means Fuwan silver property which is located in Luoke-Jilinggang silver and multi-metals property in Zhaoqing City of Guangdong Province in southern China consisting of the following two components: (i) the properties which are the subject of the Fuwan Exploration Permits; and (ii) Minco Silver's interests in the silver mineralization on the Changkeng Project. Minco Silver acquired the Changkeng Project from Minco Gold in July 2015.
- (o) "Fuwan Silver Deposit" means the portion of the Fuwan Project which is subject to the Feasibility Study.
- (p) "GGB" means Guangdong Geological Bureau in Guangdong Province, China.

- (q) "**GNDI**" means Guangdong Nuclear Design Institute of Guangdong Province, China.
- (r) "**GSGEM**" means General Station for Geo-Environmental Monitoring of Guangdong Province.
- (s) "**g/t**" means grams per tonne.
- (t) "**Hempnova**" means Hempnova Lifetech Corp.
- (u) "**Investment Guiding Regulations**" has the meaning ascribed thereto in the section entitled "Chinese Mining Regulations – Mineral Resources Permits".
- (v) "**km²**" means square kilometer.
- (w) "**m**" means meter.
- (x) "**Minco China**" means Minco Mining (China) Corporation, incorporated in Beijing under the laws of the People's Republic of China, a wholly-owned subsidiary of the Company.
- (y) "**Minco Capital**" means Minco Capital Corporation (formerly "Minco Gold Corporation").
- (z) "**Minco HK**" means Minco Investment Holding HK Limited, a wholly-owned subsidiary of the Company.
- (aa) "**Minco Resources**" means Minco Resources Limited, a wholly-owned subsidiary of the Company.
- (bb) "**Mineral Resources Law**" has the meaning ascribed thereto in the section entitled "Chinese Mining Regulations – Government Regulation of Mineral Resources and Ownership".
- (cc) "**Mingzhong**" means Guangdong Mingzhong Mining Co. Ltd. (China), a subsidiary of the Company incorporated in Guangdong Province of China.
- (dd) "**MOLAR**" means the Ministry of Land and Resources in China.
- (ee) "**NERIN**" China Nerin Engineering Co Ltd.
- (ff) "**P&E**" means P&E Mining Consultants Inc.
- (gg) "**PRC**" means the People's Republic of China.
- (hh) "**RMB**" means the Chinese currency, Renminbi.
- (ii) "**SAFE**" means State Administration of Foreign Exchange.
- (jj) "**SPA**" has the meaning ascribed thereto in the section entitled "Three Year History – Changkeng Project.
- (kk) "**TSF**" has the meaning ascribed thereto in the section entitled "Tailings Management Facility".
- (ll) "**TSX**" means the Toronto Stock Exchange.
- (mm) "**Wardrop**" means Wardrop Engineering Inc.
- (nn) "**WFOE**" means a wholly foreign owned entity for the purposes of Chinese law.
- (oo) "**WSF**" has the meaning ascribed thereto in the section entitled "Environmental – Waste Rock and Tailings Storage Facilities"

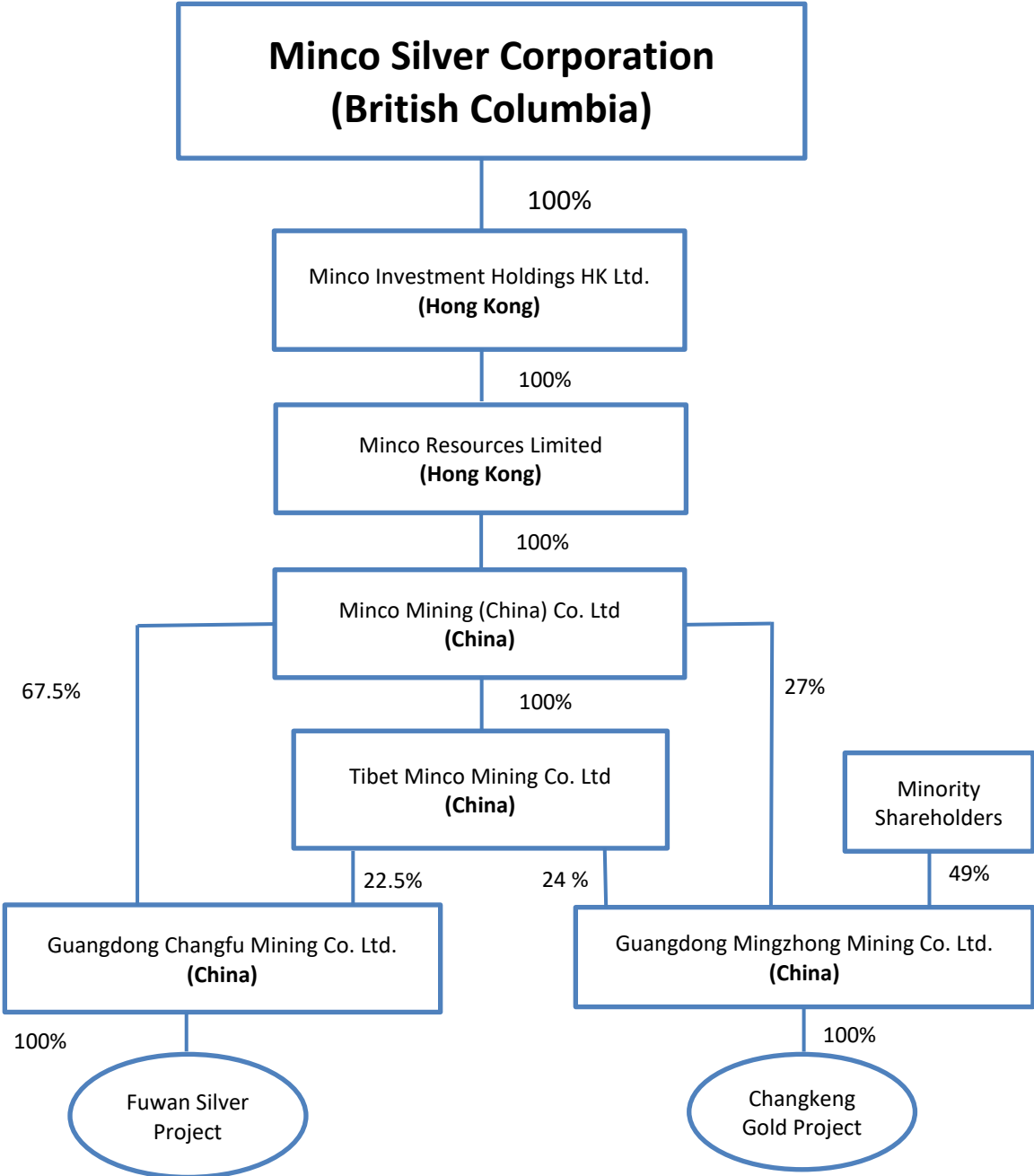
ITEM 2. CORPORATE STRUCTURE

2.1 Name, Address and Incorporation

The full corporate name of our company is "Minco Silver Corporation". Our head and registered office are at #2060-1055 West Georgia Street, Vancouver, British Columbia V6E 3R5. We were incorporated under the *Business Corporations Act* (British Columbia) on August 20, 2004, and our common shares trade on the TSX under the symbol "MSV".

2.2 Inter-corporate Relationships

As of December 31, 2024, our material subsidiaries and their respective jurisdictions of the organization were as set out in the following diagram:



ITEM 3. GENERAL DEVELOPMENT OF THE BUSINESS

We are an exploration-stage company focusing on exploring and developing mineral resource projects. Our primary focus is to advance our properties, the Fuwan Project and the Changkeng Project, towards production, and to acquire advanced, high-quality mineral projects worldwide that merit exploration and development.

In the past, the Company faced significant delays in renewing exploration permits for the Fuwan Silver Deposit and Changkeng Project. Consequently, in 2019, the Company recorded an impairment of \$60,246,258 related to exploration and evaluation costs incurred for these projects.

Although the Company had fully impaired the Fuwan Silver and Changkeng Projects, renewal applications for exploration permits were still ongoing. In March 2021, the Company renewed the exploration permit for the Fuwan Project for a five-year term, with an expiry date of March 8, 2026. In November 2022, the Company also renewed the exploration permit for the Changkeng Project for a five-year term, with an expiry date of November 21, 2027. With both renewal exploration permits, the Company intends to obtain mining licenses for its Changkeng Gold and Fuwan Project.

3.1 Three-Year History

Exploration and evaluation of mining properties

During the fiscal years ended December 31, 2024, 2023 and 2022 the Company had the following primary business activities:

Fuwan Project

Prior to 2020, the Company, through Changfu Minco, had three reconnaissance survey exploration permits (now expired) in the Fuwan area (Luoke-Jilinggan Permit, Hecun Permit, and the Guyegang-Sanyatang Permit) covering a total area of 125.74 km² in a major part of the northeast-trending Fuwan silver belt. This belt hosts the known gold and silver occurrences in the Sanzhou basin, including the Fuwan Project and the Changkeng Project.

The Luoke-Jilinggang exploration permit covers an area in Gaoyao County, approximately 45 kilometres southwest of Guangzhou. Guangzhou is the fourth-largest city in China, with a population of over 14 million, and the capital of Guangdong Province.

The Luoke- Jilinggang Permit was renewed in early March 2021 for five years, covering an area of 21.75 km² and expiring on March 8, 2026.

The Company's resource estimate in the Fuwan area is described in the Company's latest 43-101 technical report dated October 2009.

The Exploration Permit for the Fuwan Project is the Luoke-Jilinggang exploration permit, which was renewed in March 2021 for a five-year term with an expiry date of March 8, 2026.

Changkeng Project

On July 31, 2015, pursuant to a share purchase agreement (the "SPA") with Minco Capital and Minco HK, the Company acquired all the issued and outstanding shares of Minco Resources, a wholly owned subsidiary of Minco Capital. Minco Resources holds 100% of Minco China, which owns certain subsidiaries, including a 90% interest in Changfu and a 51% interest in Mingzhong.

Mingzhong, a cooperative joint venture established among Minco China, the Guangdong Geological Bureau, Guangdong Gold Corporation, and two private Chinese companies, signed a purchase agreement in January 2008 to acquire a 100% interest in the Changkeng Permit on the Changkeng Project from the 757 Exploration Team. The transfer of the Changkeng Permit from the 757 Exploration Team to Mingzhong was approved by MOLAR in 2009.

The Changkeng exploration permit was renewed on November 21, 2022, for a period of five years, with an expiry date of November 21, 2027.

Maintenance and development of the Fuwan Project and Changkeng Project

During the year ended December 31, 2024, the Company incurred expenses to maintain its exploration permits while actively seeking to secure a significant Chinese mining group as a business partner for project development through negotiations with multiple parties. At the same time, the Company remains committed to acquiring advanced, high-quality mineral projects globally, with its exploration team thoroughly evaluating prospective properties throughout the year. Additionally, over the past three years, the Company has been engaged in the permitting process for a mining license for the Fuwan and Changkeng Projects. Discussions with the Environmental Protection Administration and other Chinese government agencies regarding EIA approval remain ongoing, though site visits have been limited since early 2021. While the Company continues efforts to establish a partnership for the development of these projects, no definitive agreements have been reached as of the date of this Annual Information Form.

New property investigations

Since 2022, the Company has continued its efforts in property investigation to acquire high-quality advanced mineral property worldwide. The Company reviewed various mining projects in Canada, the USA, Africa, Europe, South America, etc. Detailed property reviews and due diligence were conducted on several projects.

ITEM 4. DESCRIPTION OF THE BUSINESS

4.1 General

The Company's principal business is acquiring, exploring and developing mineral properties.

The Company owns an interest in each of the Fuwan and Changkeng projects in Guangdong Province, China. The Company intends to combine and develop the Changkeng Project and the Fuwan Project as a single project and is applying for mining licenses that will enable commercial mining operations.

As described under “General Development of the Business” above, the Company’s exploration permit renewal for the Fuwan Project and Changkeng Project was slow and delayed. In November 2022, the Changkeng Project permit was renewed for a five-year term, expiring on November 21, 2027. In March 2021, the Company received a five-year new exploration permit on the Fuwan Project with an expiry date of March 8, 2026. With both exploration permits renewed, the Company continues permitting activities on its Changkeng Project and Fuwan Project.

The Company also continues to identify new high quality advanced mineral properties in China, Canada, the USA, Europe, Africa and South America for potential acquisitions.

In May 2020, the Company participated in a private placement investment in Hempnova Lifetech Corporation (“Hempnova”) by purchasing 7,950,000 common shares for \$0.40 per share for a total investment of \$3,180,000. The Company’s investment represented approximately 12.7% of the issued and outstanding common shares of Hempnova. Hempnova is involved in industrial hemp-related services and products. It was incorporated in British Columbia and conducts its principal business through its wholly owned subsidiary, Hempnova Lifetech (USA) Corp., which is incorporated in the United States.

Hempnova shares certain directors and management with the Company; additionally, certain directors and management also directly and indirectly own shares in Hempnova. Funding for the investment in Hempnova was sourced from the Company's surplus cash. The investment does not alter the Company’s focus on exploring and developing mineral properties.

As of December 31, 2024, the Company's headquarters was in Vancouver, British Columbia, Canada. Our operating subsidiaries are in Beijing, Hong Kong, and Guangdong, China. The Company had 10 employees and consultants, of whom three were based in Canada and seven were based in China.

4.2 Chinese Mining Regulations

Government Regulations of Mineral Resources and Ownership

The exploration for and exploitation of mineral resources in China are governed by the Mineral Resources Law of the People's Republic of China (PRC) of 1986, as amended effective January 1, 1997, and further amended on August 27, 2009, with an effective date of September 1, 2009. Also, three regulations were promulgated on February 12, 1998, and later amended on July 29, 2014 (the “Mineral Resources Law”).

The Mineral Resources Law provides for equal legal status for domestic enterprises and enterprises with foreign investment, security and transferability of mineral titles and the exclusivity of mining rights. Exploration and mining rights grant the right to explore and exploit minerals. The holder of an exploration right has the privileged priority to obtain mining rights to the mineral resources within the exploration area, provided the holder meets the conditions and requirements specified in the Mineral Resources Law.

The Mineral Resources Law is subject to further revisions. In February 2020, the Ministry of Natural Resources (“MNR”) submitted a revised draft (“Revised Draft”) to the State Council for approval. Although the Revised Draft has not been formally promulgated, a substantial part of the Revised Draft was effectively brought into effect by the Opinions on Promoting the Reform of Mineral Resources Management (Trial) (“Opinions”) issued by MNR on December 7, 2019 (effective on January 9, 2020). It is expected that the Revised Draft will have a positive impact on the Chinese mining industry.

Foreign Investment

Companies with a foreign ownership component operating in China may be required to work within a framework different from that imposed on domestic Chinese companies. For example, the Chinese government currently permits foreign investment in select mining projects, subject to central government guidelines.

According to the 2020 Edition of the Special Administrative Measures for Access of Foreign Investment, effective July 23, 2020, as long as the mineral resources are not “tungsten, rare earth and radioactive minerals” in the list, foreign investors can engage in the mining activities in China, either directly or indirectly.

On January 1, 2020, the Regulation for Implementing the Foreign Investment Law (“FIL”) came into force in China. FIL and supporting regulations and policies were amended to further open up China and provide foreign-invested enterprises (“FIEs”) with national treatment. Under FIL, FIEs are treated equally to domestic enterprises in many important respects, including reducing previous approval and filing procedures. FIL replaces existing laws on foreign investment passed in China between 1979 and 1990, namely the Law on Sino-Foreign Contractual Joint Ventures (“CJV Law”).

Existing FIEs can retain their corporate structure etc., unchanged for five years starting from the effectiveness of the FIL, i.e., January 1, 2020. However, upon the five-year transition period (the “Transition Period”) expires, all FIEs will be governed by the PRC Company Law.

Civil Code

The National People’s Congress passed the Civil Code of PRC, which took effect on January 1, 2021 (“Civil Code”). The Civil Code is a comprehensive amalgamation of existing civil and tort-related laws and regulations, encompassing private property, contracts, personal privacy, marriage and family, inheritance, and torts. While the Civil Code does not fundamentally or substantially alter the civil law regime or the administrative system that affects FIEs, certain specific changes may impact them in relation to their business, legal, or compliance models and practices, particularly in areas such as contracts, secured transactions, and civil litigation.

4.3 Risk Factors

An investment in our securities should be considered highly speculative and involves a high degree of financial risk due to the nature of our activities and the current status of our operations. A prospective investor should consider the risks summarized below and all other information in this Annual Information Form before making an investment decision relating to our shares. In addition, some statements in this Annual Information Form (including some of the following risk factors) contain forward-looking information. Please refer to the discussion of forward-looking information in the introduction to this Annual Information Form. Any one or more of these risks could have a material adverse effect on the value of any investment in our Company and the business, financial position or operating results of our Company and should be taken into account in assessing our activities. The risks noted below do not necessarily comprise all those faced by us.

Risks Relating to the Company

Permitting Requirements

The ability of the Company to carry out successful mining activities will depend on a number of factors. One of the most critical factors will be the ability of the Company to obtain mining licenses and permits in China. The Company, through its subsidiaries in China, had experienced delays in renewing its exploration permits.

Although the exploration permits were renewed on the Fuwan Project for five years with an expiry date of March 8, 2026, and on the Changkeng Project for five years with an expiry date of November 21, 2027, additional permits and licenses will also be required in order to put the Fuwan Project and Changkeng Project into commercial production. These include permits and licenses pertaining to environmental matters, land use rights, water and forestry matters and, ultimately, a mining license. While applications for the additional required permits and licenses have been and will be, made to the relevant Chinese government authorities, there is no assurance that such permits or licenses will be issued promptly or at all.

Many of the required licenses and permits are, or will be, subject to conditions imposed by the People's Republic of China government and mining legislation of the People's Republic of China. Therefore, no assurances can be given that all necessary permits, licenses or tenures will be granted to the Company through its Chinese subsidiaries, or, if they are granted, that the Company, through its Chinese subsidiaries, will be in a position to comply with all conditions and legal requirements that are imposed.

The Company believes that its subsidiaries in China are operating in material compliance with all applicable rules and regulations. Management of the Company also believes that reasonable measures are being taken in accordance with the laws and regulations in effect; however, no legal opinion has been obtained to date concerning the land, assets, or mining license applications relating to the properties over which the Company, through its subsidiaries in China, has or may acquire an interest.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Stock Exchange Listing

The Company may need to meet the continued listing requirements of the TSX. In such an event, there is a risk that the Company's common shares may be delisted from the TSX. If this were to occur, the Company could pursue an application to list its common shares on another stock exchange, but there is no assurance that any such application would be successful. Failing a listing on a stock exchange, there would be no market for trading in the shares of the Company.

Capital Costs, Operating Costs and Production and Economic Returns

The capital costs to take the Company's Fuwan Project and Changkeng Project into production may be significantly higher than estimated in the technical reports related to the Fuwan and Changkeng Projects. The pre-production capital costs set out in these technical reports, and the pricing and quantity data used therein were considered reasonable as to the estimates. Changes in metal prices, exchange rates and other factors since the date of the publication of these technical reports may result in more significant costs than those estimated, which may have an adverse impact on the Company's ability to bring the Fuwan Project and the Changkeng Project into production and for the timing thereof.

The Fuwan and Changkeng Projects do not have an operating history upon which the Company can base estimates of future operating costs. Decisions about the development of mineral properties will ultimately be based on feasibility studies. Feasibility studies derive estimates of cash operating costs based upon, among other things:

- anticipated tonnage, grades and metallurgical characteristics of the ore to be mined and processed;
- anticipated recovery rates of silver and other metals from the ore;
- cash operating costs of comparable facilities and equipment; and
- anticipated climatic conditions.

Cash operating costs, production and economic returns, and other estimates contained in studies or estimates prepared by or for the Company, including the Fuwan Technical Report or other feasibility studies, if equipped, may differ significantly from those anticipated. As a result, there can be no assurance that the Company's actual operating costs will not be higher than currently expected.

Title to Properties

There can be no assurance that any governmental authority in the People's Republic of China could not significantly alter the conditions of or revoke the applicable exploration or mining authorizations, if issued to the Company through Mingzhong and Changfu or that the Company's interest in such properties, through Mingzhong, and Changfu or otherwise, will not be challenged or impugned by third parties or governmental authorities.

In addition, there can be no assurance that the properties or other assets in which the Company has an interest are not subject to prior unregistered agreements, transfers, pledges, mortgages, or claims. The title may be affected by undetected defects as it is challenging to verify that no agreements, transfers, claims, mortgages, pledges or other encumbrances exist, given the state of the legal and administrative systems in the People's Republic of China.

China Political and Economic Considerations

The company's business operations are primarily located in the People's Republic of China. Likewise, the Company's operations in the People's Republic of China are currently conducted through and with the assistance of the Company's subsidiaries in China. Accordingly, the business, financial condition and results of operations of the Company could be significantly and adversely affected by economic, political and social changes in the People's Republic of China.

The People's Republic of China's economic development is based on a market economy model within a socialist framework. Under this direction, it is expected that the People's Republic of China will continue to strengthen its economic and trading relationships with foreign countries and that business development will follow market forces and the rules of market economics. However, the Chinese government continues to play a significant role in regulating the industry by imposing industrial policies. Additionally, there is no guarantee that a significant turnover of senior political decision-makers will not occur or that the existing economic policy of the People's Republic of China will remain unchanged.

Changes to applicable laws, regulations, or their interpretation, as well as the imposition of confiscatory taxation, restrictions on currency conversion, imports, and sources of supplies, or the permitting of expropriation and mining in China, could adversely affect the Company's interests in China.

Parties engaged in mining operations may be required to compensate those who suffer loss or damage as a result of mining activities. Additionally, they may face civil or criminal fines or penalties for violating applicable laws or regulations. As a result, amendments to current laws, regulations and permits governing operations and activities of companies engaged in mineral resource exploration and development, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

The Company's various property interests and potential property rights in the People's Republic of China involve multiple Chinese state-sector entities, including GGB and other governmental entities, whose actions and priorities may be influenced by government policies rather than purely commercial considerations. Additionally, companies with a foreign ownership component operating in the People's Republic of China may be required to work within a framework different from that imposed on domestic Chinese companies. The Chinese government is opening up opportunities for foreign investment in mining projects, and this process is expected to continue. However, if the Chinese government were to reverse this trend and impose greater restrictions on foreign companies, the Company's business and future earnings could be negatively impacted.

The People's Republic of China Legal System and Enforcement

Most of the material agreements to which the Company or its affiliates are a party or will become a party in the future, with respect to mining assets in the People's Republic of China, are expected to be governed by Chinese law, and some may involve Chinese governmental entities. The People's Republic of China's legal system embodies uncertainties that could limit the legal protection available to the Company and its shareholders. The outcome of any litigation may be more uncertain than usual because (i) the experience of the People's Republic of China judiciary is relatively limited, and (ii) the interpretation of the People's Republic of China laws may be subject to policy changes reflecting domestic political changes. The existing laws, their interpretation, and enforcement involve uncertainties, which could limit the available legal protections. Even where adequate law exists in the People's Republic of China, it may be impossible to obtain swift and equitable enforcement of such law or to obtain enforcement of judgments by a court of another jurisdiction. The inability to enforce or obtain a remedy under such agreements could adversely impact the Company.

There is also no guarantee that the pursuit of economic reforms by the state will be consistent or effective and, as a result, changes in the rate or method of taxation, reduction in tariff protection and other import restrictions, and changes in state policies affecting the mining industry may have a negative effect on the Company's operating results and financial condition.

Government Regulation of Mineral Resources and Ownership

Ownership of mineral rights in China remains with the State, and the State, at the national, regional and local levels, is extensively involved in regulating exploration and mining activities. Transfers and issuances of exploration and mining rights are also subject to governmental approval. Failure or delays in obtaining necessary approvals could have a materially adverse impact on the Company's financial condition and results of operations. Nearly all mining projects in the People's Republic of China require government approval. There can be no certainty that any such permissions will be promptly granted (directly or indirectly) to Mingzhong and Changfu.

Exploration and Development is a Speculative Business

Resource exploration and development is a speculative business, characterized by several significant risks, including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. In addition, the marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, the availability of mining equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

The long-term profitability of the Company's operations will be directly related to the costs and success of its exploration programs, which may be affected by several factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any chosen mining site. Although significant benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

Future Financing

The Company's financial resources may need to be increased to meet all of the Company's ongoing financial requirements related to the exploration, development, or operation of the Fuwan Project and the Changkeng Project, as well as the acquisition of other properties.

There is no assurance that additional funding will be available for its acquisition, further exploration, and development of its projects. There can be no assurance that the Company will obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional funding to avoid delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

Repatriation of Capital Located in China

The Company may face delays in repatriating funds held in China if, at any time, it needs additional resources to undertake projects elsewhere in the world or to fund operations in Canada. In addition, there are certain restrictions on the repatriation of funds held in China, as more particularly described below.

Under Chinese law, the repatriation of funds falls under several categories: (1) profit repatriation, (2) capital repatriation, (3) liquidation, and (4) repayment of overseas loans. The primary requirements for each of the repatriation methods are as follows:

1. Profit Repatriation – A WFOE may repatriate its after-tax profits out of China with few restrictions. Minco China is classified as a WFOE. Profit repatriation can only be undertaken once a year.
2. Capital Repatriation – Under Chinese law, capital repatriation can only be made under the following circumstances:

- (a) Share/Equity Interest Sale – In the event that a foreign investor, as an assignor, intends to sell its equity interest in the WFOE to any other foreign or domestic entities/individuals, as an assignee, the approval from the original approving authority, such as the local DOC is required. Under normal circumstances, such governmental approval for an equity sale is not difficult to obtain. However, it typically takes one to two months after all required documents are submitted, subject to local practice.

Once the governmental approval is obtained, the assignee is obliged to apply to the local SAFE, for the approval of mailing the payment of the transfer price to the assignor, which can usually be done within 20 business days after all of the required documents have been submitted.

- (b) Capital Decrease – Generally, a WFOE must not decrease its registered capital during its operating term; however, if its registered capital needs to be reduced due to the change of the total investment amount or operation scale or other reasons, such decrease could be done after approval from the original approval authority has been obtained.

The procedures for a capital decrease are as follows:

- (i) The WFOE would apply to the local DOC for preliminary approval of a capital decrease;
- (ii) After receiving a preliminary reply from the DOC, the WFOE would notify all of its creditors in writing of such capital decrease, and the WFOE would publicly disclose such capital decrease in provincial newspapers at least three times;
- (iii) The creditors may require the WFOE to pay off all its debts or provide corresponding guarantees to pay any of its outstanding debts;
- (iv) After the WFOE has made at least three public notices in provincial newspapers, it would apply to the local DOC for formal approval of the capital decrease;
- (v) Once the DOC has approved the decrease of the registered capital, the WFOE would conduct the registration change at the local AIC; and
- (vi) Upon completion of the above procedures, if the contributed capital of the WFOE exceeds the registered capital after the decrease, the WFOE would apply for the capital repatriation approval of the decreased capital to its investor(s) at the local SAFE. Once approval is received, the bank can remit the exceeded capital.

The above process may take six months or longer to complete.

In 2020, the Company applied to reduce the registered capital of Minco China from US \$60 million to US \$40 million. After a long working process, the application was approved by various Chinese government agencies. Such funds can only be converted from RMB and wired from mainland China once together, not in installments. The Company plans to wire the fund after sufficient funds available from the RMB term deposits mature and the outstanding Note principal repayment is received.

3. Liquidation – The investor may also voluntarily liquidate the WFOE in accordance with relevant Chinese law and the articles of association of the WFOE. The procedures for the liquidation of foreign investment are as follows:

- (a) A resolution to liquidate the WFOE would be adopted;
- (b) The WFOE would apply to the local DOC for approval of the liquidation;
- (c) The WFOE would set up a liquidation committee to conduct the liquidation;
- (d) The notices to creditors and the public announcements about the liquidation would be made;

- (e) The liquidation committee would handle the sale of the assets of the WFOE and the distribution of the liquidation proceeds and submit a distribution report to the local DOC; and
- (f) The deregistration of the WFOE would be conducted with the local AIC, local tax, customs, foreign exchange and other authorities. Upon completion of the above procedures, the investor would apply to the local SAFE to repatriate the liquidated proceeds. Once approval is received, the bank can remit the liquidation proceeds.

The above process may take six months or longer to complete.

Industry Specific Risks

The exploration, development, and production of minerals are capital-intensive businesses, subject to the normal risks and capital expenditure requirements associated with mining operations, which even a combination of experience, knowledge, and careful evaluation may not be enough to overcome.

Limited Experience with Development-Stage Mining Operations

The Company has limited experience placing resource properties into production. Its ability to do so will depend upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. As a result, there can be no assurance that the Company will have the necessary expertise available if its resource properties are in production.

Factors Beyond the Company's Control

The discovery, location and development of mineral deposits depend upon several factors, not the least of which is the technical skill of the exploration personnel involved. The exploration and development of mineral properties, as well as the marketability of any minerals contained within such properties, will also be influenced by numerous factors beyond the Company's control. These factors include government regulation, high levels of market price volatility, market availability, adequate transportation and refining facilities, and the imposition of new or amended taxes and royalties. The effect of these factors cannot be accurately predicted.

Potential Conflicts of Interest

Certain members of the Company's board and officers of the Company also serve as officers or directors of other related companies. Consequently, there exists the possibility that those directors and officers may be in a position of conflict. In particular, Ken Z. Cai serves as a director and executive officer of Minco Silver, Minco Capital and Hempnova. Maria Tang is a director of the Company and serves as an executive officer of Hempnova. Additionally, Renee Lin serves as the Chief Financial Officer and Corporate Secretary for the Company and Minco Capital.

Any decisions made by those directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and other companies. In addition, such directors and officers will declare and refrain from voting on any matter in which such directors or officers may have a conflict of interest. Nevertheless, there remains the possibility that the Company's best interests will not be served because its directors and officers have other commitments. Accordingly, matters involving the Company, Minco Capital, and Hempnova that put any of the Company's directors or officers in a position of conflict are approved by the audit committee of the board of directors.

In addition to the potential conflicts described above, some of the Company's directors and officers also serve as directors or officers of other reporting and non-reporting issuers engaged in the same industry or other industry sectors. Accordingly, conflicts of interest may arise, which could influence the decisions or actions of directors or officers acting on behalf of the Company.

Uninsured Risks

The Company's mining activities are subject to the risks typically associated with mineral exploration, including, but not limited to, environmental hazards, industrial accidents, flooding, periodic or seasonal interruptions due to climate and hazardous weather conditions, and unusual or unexpected geological formations. Such risks could result in damage to or destruction of mineral properties or production facilities, personal injury, environmental damage, delay in mining and possible legal liability. In addition, the Company may become subject to liability for pollution and other hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. The payment for such liabilities would reduce the funds available for exploration and mining activities, potentially having a material impact on the Company's financial position.

Currency Exchange Rates

The Company maintains its accounts in US, Canadian, and RMB denominations. The value of the RMB has been tied to a basket of currencies of China's largest trading partners. Given that most of Minco Silver's expenditures are currently and are anticipated to be incurred in U.S. dollars and RMB, Minco Silver is subject to foreign currency fluctuations which may materially affect its financial position and operating results. The Company has no formal hedging program to mitigate foreign currency exchange risks.

Competition

The precious metal minerals exploration industry and mining business are intensely competitive. The Company competes with numerous other companies and individuals in the search for and acquisition of attractive precious metal mining properties. Many of these competitors have substantially greater technical and financial resources than the Company. As a result, competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

Uncertainty of Estimates

Resource and reserve estimates of minerals are inherently imprecise and depend to some extent on statistical inferences drawn from limited drilling, which may prove unreliable. In addition, although estimated recoveries are based on test results, actual recovery may vary with different rock types or formations, adversely affecting operations.

Reliance on Management and Directors

The Company's success is mainly dependent on the performance of its officers. The loss of the services of these persons would have a materially adverse effect on the Company's business and prospects. There is no assurance that the Company can maintain the services of its officers or other qualified personnel required to operate its business.

Failure to do so could have a material adverse effect on the Company and its prospects. The Company has purchased a key-man insurance policy for its President and CEO, but has not purchased such a policy for its remaining directors and officers. The loss of any key officer of the Company could have a detrimental impact on the Company, its business, and its financial position.

Fluctuating Metal Prices

Factors beyond the Company's control may affect the marketability of any metals discovered. Metal prices have fluctuated widely, particularly in recent years. The effect of these factors cannot be predicted.

Access to RMB

From time to time, the Company may, through Minco China, supply RMB funds to Changfu and Mingzhong. The exchange of US dollars into RMB requires approval from SAFE. To obtain SAFE approval for the exchange of US dollars into RMB, Minco China has historically engaged a third-party consultant to facilitate purchase and sales transactions that exchange US dollars into RMB. These transactions are entered into in the normal course of business and are designed primarily to provide the Company with access to RMB more readily than through currency exchange transactions, which have recently become increasingly restrictive in China. There is no assurance that this method of converting US dollars to RMB will remain available to the Company.

The Mining Industry Is Highly Speculative

The Company is engaged in the exploration for minerals, which involves a high degree of geological, technical, and economic uncertainty due to the inability to predict future mineral prices, as well as the difficulty of determining the extent of a mineral deposit and the feasibility of extracting it without incurring considerable expenditure.

Environmental Considerations

Although the People's Republic of China has enacted environmental protection legislation to regulate the mining industry, due to the concise history of this legislation, national and local environmental protection standards still need to be formulated and implemented. The legislation provides for penalties and other liabilities for violating such standards and establishes, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are being or have been conducted.

To the knowledge of the Company, there are no outstanding notices, orders or directives from central or local environmental protection agencies or local government authorities alleging any breach of national or regional ecological quality standards by Changfu, Minco China, Mingzhong, GGB or any other party in respect of the Fuwan Project and Changkeng Project. However, although the Company intends to comply fully with all environmental regulations, there is a risk that permission to conduct exploration and development activities could be withdrawn temporarily or permanently if there is evidence of serious breaches of such standards.

Litigation

We are subject to litigation risks. All industries, including mining, are subject to legal claims, whether or not they have merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no value. Due to the inherent uncertainty of the litigation process, the resolution of any particular legal proceeding to which we are or may become a party could have a material impact on our financial position, results of operations, or our mining and project development operations.

Enforceability of Judgments

Our principal assets, the Fuwan Project and the Changkeng Project are outside Canada. Therefore, it may be difficult or impossible to enforce judgments obtained in Canadian courts against our assets outside of Canada.

Management has assessed the level of influence that the Company has on Hempnova and determined that it has a significant impact, despite its shareholding being below 20%. Therefore, making a profit from this equity investment depends on Hempnova's hemp business success.

Management applied significant judgment in estimating the valuation of the collateral as part of their expected credit loss assessment related to the note receivable. To calculate expected credit losses, management considered the valuation of the security of the note receivable and the success fee.

ITEM 5. MINERAL PROPERTIES

5.1 The Fuwan Project

Introduction

The Company, through Changfu, had a Luoke-Jilinggang exploration permit on the Fuwan area covering a total area of 21.75 km² which is a significant part of the northeast-trending Fuwan silver belt. The exploration permits of Luoke-Jilinggang expired on July 20, 2017, but were finally renewed in March 2021 for a five-year term with an expiry date of March 8, 2026.

Exploration Programs

Minco Silver conducted a comprehensive exploration program on the Fuwan Project from 2005 to 2008. The exploration program includes a six-phases of drilling totaling 260 drill holes comprising 69,074 meters of diamond drilling over both the Fuwan Project and the surrounding regional area, detailed hydrological studies for the Fuwan silver deposit area, metallurgical testing, and geotechnical studies. An exploration report was prepared on the Fuwan Project at the end of the exploration program and was approved by MOLAR. The assay results from the Company's drilling programs in the past can be reviewed on our website at www.mincosilver.ca or www.sedarplus.ca.

Resource Estimates

The last NI 43-101 technical report of the Fuwan Project was prepared by P&E that was filed on www.sedarplus.ca on January 24, 2008.

On May 12, 2008, P&E completed an updated resource estimate taking into consideration the phase 1 to 6 drilling programs conducted in 2008. Diamond drill data from 422 holes, with an aggregate length of 96,000m, was used for the resource calculation in the updated resource estimate. These programs were conducted on a 60m x 60m diagonal spacing within the existing 80m x 80m rectangular drill grid spacing. As a result, the Fuwan Silver Deposit remains open along strike to the southwest and up and down its relatively flat dip to the northwest and southeast.

The resource estimate for the Fuwan Silver Deposit includes gold ("Au"), lead ("Pb") and zinc ("Zn") credits. It has an indicated resource of approximately 16.0 million tonnes at 182g/t Ag, 0.20g/t Au, 0.20% Pb and 0.57% Zn and an inferred resource of 11.2 million tonnes at 174g/t silver ("Ag"), 0.26g/t Au, 0.27% Pb and 0.73% Zn. Details of the resources for the silver mineralization of the Changkeng and Fuwan properties are shown in the following table.

Table 1.1 Resource Estimate 1 @ 40g/t Ag Cut-Off Grade.

Resource Area & Classification	Tonnes	Ag (g/t)	Ag (oz)	Au (g/t)	Pb (%)	Zn (%)
Fuwan Permits Indicated	13,948,000	188	84,268,000	0.17	0.20	0.56
Changkeng Permit Indicated*	2,027,000	142	9,235,000	0.40	0.20	0.61
Total Indicated	15,975,000	182	93,503,000	0.20	0.20	0.57
Fuwan Permits Inferred	10,241,000	171	56,147,000	0.26	0.26	0.72
Changkeng Permit Inferred **	1,049,000	212	7,136,000	0.29	0.37	0.86
Total Inferred ²	11,290,000	174	63,283,000	0.26	0.27	0.73

Notes:

- * The indicated resources reported on the Changkeng Permit represent 51% of the actual indicated resources, reflecting Minco Silver's ownership proportion. Total Changkeng indicated silver resources are 4,054,000 tonnes and 18,470,000 ounces of silver.
- ** The inferred resources reported on the Changkeng permit represent 51% of the existing inferred resources, reflecting Minco Silver's ownership proportion. Total Changkeng inferred silver resources are 2,098,000 tonnes and 14,272,000 ounces of silver.
- ¹ Mineral resources which are not mineral reserves have yet to demonstrate economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.
- ² The quantity and grade of reported inferred resources in this estimation are conceptual in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

For the resource update report, the resource was defined using April 2008, 24-month trailing average metal prices of US\$13.69/oz Ag, US\$710/oz Au, US\$1.01/lb Pb and US\$1.48/lb Zn. Costs of \$12.00/tonne for mining, \$11.50/tonne for processing/tailings management and \$5.50/tonne for G&A for a total of \$29.00/tonne and a process recovery of 97% for Ag, along with Au, Pb & Zn credits of approximately \$10.00/tonne were utilized to derive a cut-off grade of 40 g/t Ag.

Feasibility Study

Detailed technical information on the Fuwan Project, including project description, location, climate, local resources, infrastructure, physiography, history, geological setting, exploration, mineralization, drilling sampling, and mineral resources estimated, can be found in the technical report dated October 23, 2009 (filed to www.sedar.com on November 10, 2009) entitled "Fuwan Project Feasibility Study Technical Report" prepared by Wardrop.

As the feasibility study has not been updated recently, the results within, including but not limited to the project capital cost, operating cost, financial analysis and sensitivity analysis may not reflect the most up-to-date results using current cost and metal price figures.

Mining Methods

The feasibility study contemplates the development of a mechanized mine at the Fuwan Project. A 2 m minimum mining height was adopted for mechanized mining. The mining method selection depends on ore body geometry, ground conditions, and grade.

Drift-and-fill mining and a small amount of room-and-pillar mining would be used for flat-flying zones. As the ore body has reasonably good grades, a trade-off study was undertaken to assess at what grade it would be worth backfilling with cemented fill and carrying out a primary/secondary drift-and-fill type mining method, allowing 100% extraction without leaving any ore pillars.

Ore zones with lower grades would be mined by the room-and-pillar method. This method is selective and zones of low grade can be left as pillars. A variation of this method is post-pillar cut-and-fill: where the ore height is greater than 6 to 7 m, the panel is taken in two cuts. The first cut is taken and backfilled; then a second cut is taken over the top of the first cut, working off the backfill.

Stope and pillar dimensions, ground support in development headings, and stopes will depend on ore body geometry and ground condition.

The cut-and-fill method would be used for ore zones dipping between 15° and 50°. To minimize waste development, Wardrop recommends in-ore twin ramp development. Each panel will be about 100 m long and typically 60 m vertically. Twin ramps will be driven in ore from the top and bottom access to meet in the middle of the stope. A minimum three m-wide pillar (or a 1:1 ore to pillar width) will be left between the ramps. The ramp below the pillar must always remain open to ensure air passage and provide through ventilation. After the ventilation airway is no longer needed, the pillar could be recovered; however, any estimate should only assume an effective 50% recovery of the pillar.

Backfill

All stopes would be backfilled after mining is completed. Free-draining hydraulic backfill was selected as the most appropriate method due to the flat-lying and relatively sizeable horizontal extent of the ore body, coupled with the distant location of the process plant and difficulties with access above the ore body. This backfilling method will allow up to 45 to 50% of the tailings to be disposed of as hydraulic backfill underground, reducing the required size of the surface tailings pond.

Backfill would be prepared from tailings produced in the plant and distributed to the underground stopes by a pipeline through the main access ramp. 5% cement would be added for primary stope filling in drift-and-fill mining. Backfill for cut-and-fill, room-and-pillar, and secondary stopes of drift-and-fill mining would not be cemented.

Mine Access

A single decline would access the mine to develop a gradient of -15%. It will access personnel, equipment, materials, and services. It will also be utilized as an intake airway.

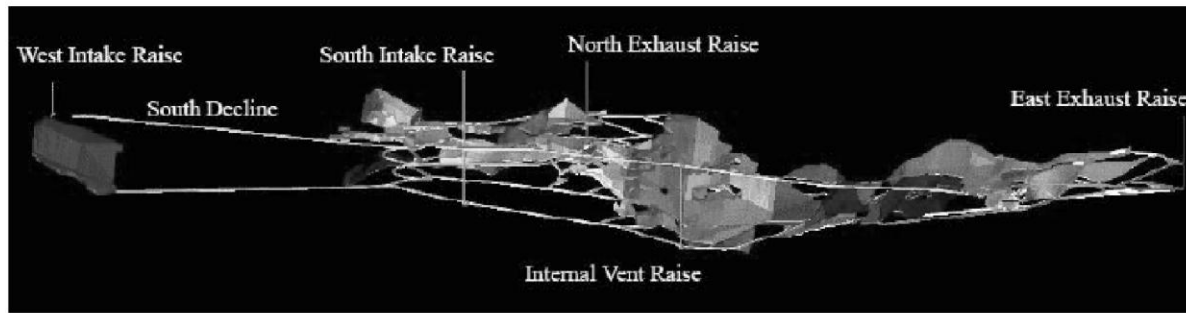
The location of the decline portal was selected on the southwest side of the deposit near the process plant. The size of the decline was set at 4.5 m wide by 4.5 m high to accommodate the mining equipment and provide required clearances.

The four levels would be developed for haulage and provision of fresh air supply to mining blocks. In addition, ventilation access drifts would be excavated to connect the level development and ramps to the ventilation raises.

The 4.0 m diameter central south fresh air intake ventilation raise would have a man-way equipped with ladders and platforms to provide an auxiliary exit from the mine in case of emergency. In addition, two 4.0 m diameter exhaust raises would be developed on the east and north sides of the ore body. They would be connected to the level of development to provide flow-through ventilation. They would also be equipped with ladders.

Another 3.0 m diameter fresh air ventilation raise would be constructed in Year 6 of production on the west side of the deposit to provide intake air for mining block #201. Additionally, they are equipped with a manway for emergency exit.

Figure 1.1 Access Development



Development headings would be driven with electro-hydraulic twin-boom jumbos. Raise boring crews would do ventilation raise development.

The broken rock would be mucked from the face by a 7-tonne load-haul-dump and hauled by 25-tonne trucks to the surface waste dump. The same equipment would be used for mucking broken ore from the production stopes and hauling it to the mill for processing.

A 7-tonne capacity load-haul-dump with a 4.0 m³ bucket and a 25-tonne underground mine truck with a 13.0 m³ box were selected for ore and waste haulage.

The following presents a summary forecast of ore and waste production.

Table 1.4 Production by Material Type

Year	Ore	Waste	Total
-2		83,515	83,515
-1		226,832	226,832
1	990,000	83,486	1,073,486
2	990,000	83,720	1,073,720
3	990,000	63,183	1,053,183
4	990,000	52,480	1,042,480
5	990,000	57,452	1,047,452
6	990,000	43,329	1,033,329
7	990,000	11,932	1,001,932
8	990,000	20,108	1,010,108
9	990,000	19,887	1,009,887
10	207,981		207,981
Total	9,117,981	745,924	9,863,905

Personnel requirement estimates are based on the mine production rate and mine schedule. A mining contractor would begin work in the pre-production development stage to allow time for the owner to recruit staff for the project. The contractor would continue mine access development during production.

Underground staffing requirements peak at 54 personnel during full production, including nine mines operating, five mines maintenance salaried dayshift personnel, 32 shift technical staff, and 8 shift supervisors. Underground hourly labour requirements will peak at 312 in Year 5 during full production, including 248 mines operating and 64 mine maintenance hourly personnel. The personnel requirements do not include the labour required for access development performed by the contractor.

Mine Services

A two-bay sump would be constructed at the bottom of the mine to allow suspended solids to settle out of the groundwater before pumping. The sump would have four high-pressure pumps: two working and two on standby. In addition, a 300 mm (12") diameter steel dewatering pipe would be installed in the prominent access decline to pump water from the sump to the final tailing pump box on the surface.

Industrial-quality water would be distributed in 4" and 2" diameter pipelines throughout the underground workings for drilling equipment, dust suppression, and firefighting. The major electrical power consumption in the mine would be from the main and auxiliary ventilation fans, drilling equipment, and mine dewatering pumps. In addition, a high-voltage cable would enter the mine via the prominent access decline and be distributed from the main underground substation via boreholes to electrical substations on each sublevel. As a result, high-voltage power would be reduced to 600 volts at electrical substations. All power would be three-phase and, except for lighting and convenience receptacles, would use single-phase 127-kilovolt power.

A leaky feeder communication system would be installed throughout the mine. The system would interface with the surface communication system and be used for centralized blasting. Telephones would be located at key infrastructure locations such as underground electrical substations, refuge areas, lunchrooms, and pumping stations. In addition, key personnel and mobile equipment operators would be supplied with an underground radio.

The mobile drilling equipment, such as jumbos, rock bolters, and scissor lifts with ammonium nitrate and fuel oil loaders, would be equipped with their compressors. No reticulated compressed air system would be required. Instead, six portable compressors would satisfy compressed air consumption for various underground operations.

Explosives would be stored on the surface in permanent magazines. Detonation supplies (non-electric and electrical caps, detonating cords, etc.) would be stored in a separate magazine on the surface.

During the production period, the underground mobile equipment would consume an estimated average of 8,556 liters of fuel daily. Haulage trucks and all auxiliary vehicles would be fueled at fuel stations on the surface. In addition, the fuel/lube cassette would be used for fueling/lubing load-haul dumps and face equipment.

The personnel carriers would shuttle employees from the surface to the underground workings and back during shift changes. Supervisors, engineers, geologists, and surveyors would use diesel-powered trucks as transportation underground. Mechanics and electricians would use the mechanics' truck and maintenance service vehicles.

A boom deck with a 10-tonne crane would be used to move supplies, drill parts, and other consumables from the surface to active underground workings.

A mine service crew would perform mine maintenance and construction work, ground support control and scaling, mine dewatering, and safety work.

Mobile underground equipment would be maintained in a mechanical shop on the surface outside the leading ramp access portal. A small underground maintenance shop with an overhead crane would also be constructed underground to maintain drilling equipment. A mechanic's truck would perform emergency repairs underground. Major rebuild work would be conducted off-site.

Development Schedule

The mine development is divided into two periods: pre-production development and ongoing development.

The pre-production development period runs from the start of the project to when the first ore is fed to the process plant. Pre-production development will be scheduled for, among other things:

- provide access to trackless equipment;
- provide ventilation and emergency egress;
- establish ore and waste handling systems;
- install mining services (backfill distribution, power distribution, communications, explosives storage, fuel storage and distribution, water supply, mine dewatering); and
- provide sufficient level development in advance of start-up to develop sufficient ore reserves to support the mine production rate.

The contractor would do all underground pre-production development using the contractor's equipment, personnel, and supervision. A 130 m per month advance rate was assumed for a jumbo crew developing a 4.5 m wide by 4.5 m high heading, and a 90 m per month advance rate was assumed for a raise boring crew to drill a pilot hole and ream it to a 4.0 m diameter.

Underground infrastructure development, such as dewatering sumps, maintenance shop, and explosives storage, would be completed prior to production.

It is estimated that pre-production development will be completed in two years. Ore development is not included in the development schedule as it would be part of ore production.

Ongoing sustaining development would continue to be performed by a contractor during the production stage. The contractor would demobilize from the site in Year 9 when all main access development is completed.

Table 1.5 - Mine Development Schedule

Production Year	Unit	Pre-production	Year										Total
			1	2	3	4	5	6	7	8	9	10	
Annual Meters (Horizontal)	m	5,420	1,497	1,437	1,132	950	1,040	765	216	364	360	0	13,181
Annual Meters (Vertical)	m	462	45	214	37	0	0	61	0	0	0	0	819
Total Development	m	5,882	1,542	1,651	1,169	950	1,040	826	216	364	360	0	14,000

Production Schedule

The annual ore production rate of 990,000 tonnes (including ore from development and stopes) was scheduled based on 330 mine operating days per year with three 8-hour shifts per operating day.

Criteria for scheduling production included targeting the mining blocks with higher grade ore in the early stages of mine life to improve project economics. The production sequence of the mining blocks will be from the top down. In most production years, the number of mining blocks in production would vary from 8 to 10. On average, there would be five stopes in production for drift-and-fill mining and four in production for cut-and-fill. The only room-and-pillar block would be mined in Year 9.

Table 1.6 - Production Schedule

	Unit	Year										Total
		1	2	3	4	5	6	7	8	9	10	
Operating Days Per Year	d/a	330	330	330	330	330	330	330	330	330	70	
Mill Feed	t	990,000	990,000	990,000	990,000	990,000	990,000	990,000	990,000	990,000	990,000	9,117,981
Grade												
Ag	g/t	214	217	217	205	183	182	177	167	148	137	189
Au	%	0.171	0.169	0.158	0.157	0.150	0.157	0.151	0.138	0.079	0.076	0.146
Pb	%	0.194	0.194	0.146	0.148	0.120	0.189	0.235	0.242	0.263	0.372	0.196
Zn	%	0.584	0.614	0.506	0.541	0.483	0.487	0.615	0.595	0.637	0.709	0.566

Mineral Processing and Metallurgical Testing

Four main metallurgical testing programs were conducted on the multiple metals (silver/lead/zinc) mineralization samples from the Fuwan silver deposit in Guangdong province, China. Samples from different drill holes were composited for the metallurgical testing programs. The test work includes ore hardness determination, mineralogical determination, flotation concentration, gravity separation, hydrometallurgical process, and ancillary tests including settling tests and acid base accounting (ABA) tests.

The dominant supplied minerals in the mineralization are pyrite, sphalerite, galena, argentiferous tennantite, tetrahedrite, miargyrite, proustite-pyrargyrite, marcasite, native gold, bournonite, stephanite, chalcopyrite, and covellite.

The flotation tests included open batch flotation condition optimization tests, locked cycle tests, and variability tests. The tests indicated that the mineralization responded well to conventional differential flotation: silver-lead flotation followed by zinc flotation. Although silver hydrometallurgical extraction was high when the head samples or the concentrate samples were pre-treated by roasting and ultrafine regrinding, the hydrometallurgical processes still needed to be considered in the study due to high operating costs and potential environmental issues.

A 3,000 tonnes per day process plant has been designed for the Fuwan Project to process silver bearing lead and zinc sulphide mineralization. The process plant would operate 330 days per year at an annual process rate of 990,000 tonnes per day on a three shifts basis. Overall process plant availability would be approximately 90%.

The run-of-mine (ROM) from the underground mine would be crushed by an 800 mm by 1,100 mm jaw crusher to 80% passing 150 mm, and then ground to 80% passing 100 µm in a semi-autogenous grinding ("SAG") (SAG, 5.5 m Dia x 3.0 m Effective Grinding Length ("EG"), Power of 1,250 kW)-ball mill (3.96 Dia x 6.56 L, 1,650 kW)-pebble crushing circuit ("SABC"). The silver, lead, and zinc minerals would be recovered by a conventional differential flotation process as follows:

- silver-lead bulk would be subject to rougher flotation followed by zinc rougher flotation;
- the silver-lead rougher flotation concentrate would be reground and subject to three stages of cleaner flotation; and
- the zinc rougher flotation concentrate would be upgraded by three stages of cleaner flotation, without regrinding.

The tailings produced from the zinc rougher scavenger flotation circuit would be sent to the TSF (as defined below) for storage and to the underground mine for hydraulic backfilling. The silver-lead and zinc concentrate would be thickened and then pressure filtered separately before being transported to smelters. Depending on the lead head grade, the silver-lead concentrate may be further processed to produce a silver concentrate and a lead-silver concentrate.

The average dry concentrate production is forecasted to be as follows:

- silver-lead concentrate – 15,900 tonnes per annum, including:
 - 154,700 kilograms per annum (4,975,000 ounces per annum) of silver
 - 1,600 tonnes per annum lead

- zinc concentrate – 9,300 tonnes per annum average, including:
 - 4,700 tonnes per annum of zinc
 - 15,400 kilograms per annum (495,400 ounces per annum) silver.

Tailings Management Facility

The Fuwan Project includes the development of a new proposed land-based tailing storage facility (the "TSF") to store up to 2.6 million m³ of the tailings. The tailings would be the fine fraction classified from the flotation tailings. The TSF would be developed in two stages:

- Stage 1 Facility - capable of storing initial 8.3 years of tailings deposition through three dam raises; and
- Stage 2 Final Facility – capable of storing additional 0.9 years of tailings deposition by either raising the Stage 1 Facility or using on-land storage in a separate facility.

The cost estimates assume that raising the Stage 1 TSF dam (subject design) to accommodate additional 0.9 years of tailings deposition is feasible. However, this is to be confirmed by subsequent geotechnical and hydrogeological investigations.

Essentially the TSF dam would be a 56 m high earth/rock fill structure with a 6 m wide crest and composite HFPE / clay core lining (Zone 1 / Zone 2) on the upstream slope. The high-density polyethylene membrane would be protected by woven bags filled with tailings (Zone 1).

The dam would be constructed in three stages:

- Stage 1 (3.1 years storage capacity) would be 38 m high with a crest at El. 61 m;
- Stage 2 (2.7 years storage capacity) would add 10 m bringing the dam crest to El. 71 m; and
- Stage 3 (2.5 years of storage capacity) would add another 8 m for the final crest at El. 79 m.

Stormwater around the TSF will be managed using the following structures:

- a perimeter diversion ditch; and
- a decant tower and pipe.

The subject TSF designs have been developed between the pre-feasibility and feasibility levels. However, detailed geotechnical engineering analyses still need to be completed. This could impact the current design and cost estimate accuracy because of potential design modifications to be developed when the results of geotechnical and hydrogeological investigations and laboratory testing become available. Therefore, a geotechnical engineering analysis should be conducted to confirm the design before the next engineering phase.

There is a need to identify the location for storing the tailings produced during the rest of the 0.9 years of tailing deposition. In addition, the potential use of the tailings for making bricks to be included in local infrastructure projects should be further studied and confirmed.

Infrastructure and Ancillary Facilities

The project site is close to the town of Fuwan, which has a well-developed paved village-level road network. The town is accessible by paved public highways to Guangzhou and other major cities. The haulage distance between the mine site and the Shanshui railway station, which connects the main stations, Guangzhou station and Zhanjiang station, is approximately 26 km. The deposit is adjacent to the Xijiang River, which is accessible to an international waterway in the South China Sea via the Zhujiang River.

Electrical power, water, telephone service, and supplies are available in the town of Fuwan.

The proposed mine site is large enough to accommodate proposed processing facilities, surface service facilities, waste rock storage areas, as well as an approximately 8.3-year tailing surface storage pond. The surface service facilities would include administration buildings, a workshop, an explosive magazine, power and water supply facilities, a backfill station, a wastewater treatment facility and a haulage road system.

All project buildings would be new and built according to the Chinese construction codes. Power to the project would be provided via an existing 110-kilovolt utility substation located in Fuwan town, approximately 4 km from the mine. NERIN and Minco Silver contacted the Fushan Power Supply Company of the South Grid and, at the time of the feasibility study, confirmed that the Fushan substation has sufficient capacity to provide power to the Fuwan mining project.

This substation presently has a single incoming transmission line and would provide a single 35 kV power line to the mining project. The electrical utility to the mine site would provide the external 35 kilovolt power line. At the mine, a step-down substation (35 kilovolts/10 kilovolts) would be established, consisting of the necessary equipment and facilities to service the connected mine loads.

Environmental

Background

When writing the ESHIA Report, the project was at the feasibility stage of design. Hence, some mine design details were unavailable to the Environmental Social and Health Impact Assessment (the "ESHIA") team. Others were subject to change based on the evolving understanding of the geometry and grade distribution of the ore body (and hence the mine plan) as well as technical issues related to ore processing and the configuration of site facilities. There is, therefore, some uncertainty concerning some ESHIA Report findings, and, likely that further baseline investigations (as recommended in the ESHIA Report) and continuing work on the mine design will necessitate future revision of the ESHIA Report, likely in the form of an addendum, or of the Environmental, Socio-Economic and (Community) Health Management Plan in respect of the project.

Project Setting

The mine site area is characterized by commercial plantations and secondary regrowth forests, with some grassland areas. Numerous fish ponds are also located near the mining and associated surface facility areas, the nearest of which is the Nankeng Reservoir, southeast of the TSF (Figure 1.4). Plantation forests and fish ponds represent primary and secondary income sources, respectively, for local communities. There are seven villages within one kilometer of the site, as depicted in Figure 1.5.

Figure 1.4 Land Uses

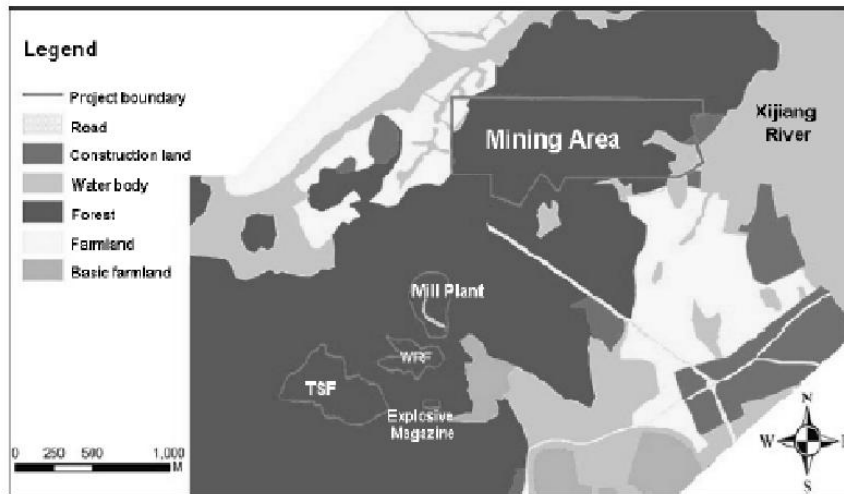
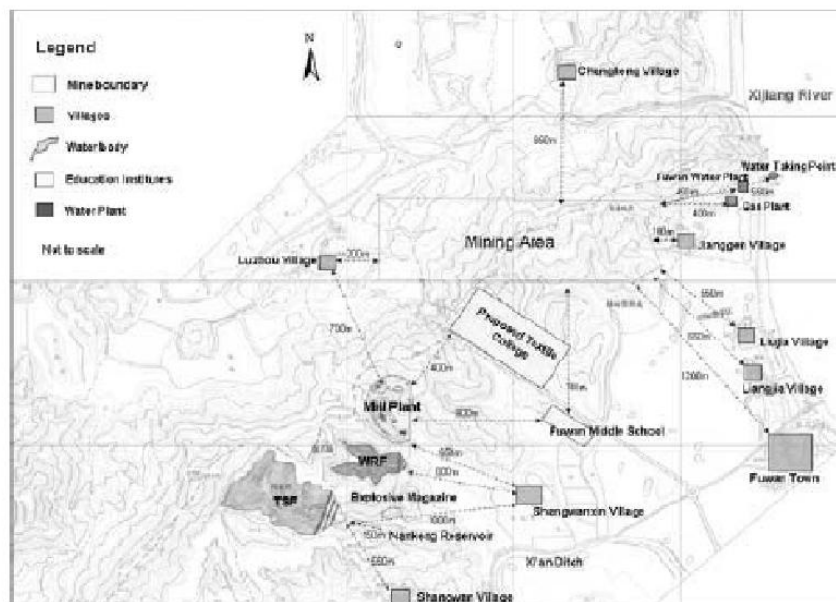


Figure 1.5 Nearby Villages



ESHIA Findings

The ESHIA process assessed the project for all phases of its life cycle, namely, development, operations and decommissioning. As a result, the project has been assessed to not result in significant environmental, socioeconomic or community health impacts, assuming that industry best process practice is implemented during execution and that additional control measures recommended within the ESHIA are satisfactorily implemented during all project phases.

The only issues where statutory limits have been predicted to be exceeded are in relation to dust and transport vehicle nighttime noise emissions at Shangwanxin Village. These impacts can, however, be adequately mitigated by wetting down the access road during dry and windy conditions and nighttime prohibition of transportation movement along the access road.

Even with the above, there are some aspects of the mine design and proposed development for which further investigation is warranted to fully understand the environmental, socio-economic and (community) health issues and confirm that there is no significant risk to receptors. These are summarized in the following sections.

Mine Blasting

The area to be mined is near Luzhou and Jianggen Villages. Underground blasting in areas close to these receptors may result in plumb vibration levels that cause shaking of existing buildings or buildings that may be erected in the near future (i.e. within the college site). Therefore, it was recommended that this risk be further evaluated and a blasting plan developed that prescribes and limits the weight of explosives, the number of holes to be blasted in a single shot and the time delay between blast shots to ensure that no adverse effects are caused.

Waste Rock and Tailings Storage Facilities

Laboratory tests have demonstrated that tailings and waste rock have traces of heavy metals and low potential to generate acid drainage.

A geotechnical survey of the TSF and water storage facility ("WSF") areas has yet to be conducted.

However, geotechnical survey data from the mining area suggests that the permeability of soil and rock in the general area is highly variable. There is, therefore, some uncertainty regarding whether groundwater resources would be at risk from any leached metals or acid drainage from the TSF and WSF.

It is recommended that a geotechnical survey be undertaken to determine the permeability of TSF and WSF basement strata and, if found to be permeable, that natural (e.g. compacted clay) liners be introduced. It is also recommended that groundwater monitoring wells be installed down the hydraulic gradient of the facilities and that these be sampled twice yearly to confirm whether or not the leaching of metals into groundwater or acid drainage is occurring. These monitoring wells can also be used during decommissioning.

Groundwater Drawdown

Groundwater entering the mine void will be collected in a series of sumps and pumped to the surface for treatment and subsequent re-use in the process plant or disposal to the Xi'an Ditch.

The project geotechnical report states that the maximum groundwater drawdown depth will be 283.83 m, and the permeability coefficient will be 0.6815 m/day. The affected area would, therefore, have a diameter of 2,343 m. Groundwater drawdown may result in surface subsidence, cave-ins or fracturing.

Existing groundwater wells within Shanwanxin and Jianggen Villages are within the predicted groundwater drawdown area, and, hence, groundwater availability may be affected by drawdown. As tap water has been provided to these villages, their reliance on groundwater wells for potable water has decreased. However, fish ponds in Shangwanxin Village are recharged using groundwater and may be affected if insufficient groundwater is available due to drawdown.

It is recommended that additional investigations into groundwater drawdown be conducted, including a water balance study that assesses recharge rates against predicted drawdown rates. In addition, the identified potential effects of drawdown should be further quantified where possible.

Geological Hazards – Surface Cave-In

Geological hazards in the mining area include landslides and surface cave-ins. There were 19 sites where geological risks in the past have been identified, including eight landslide sites and 11 cave-in sites. Among these, one landslide site and two collapse sites are defined as medium-severity and unstable.

The three sites are respectively located near the Fuwan Water Plant, Gaoming-Gaoyao road and the mouth of the valley of the proposed Waste Rock Facility.

While the progressive backfilling of mine voids will assist in maintaining ground stability, it has been recommended that additional work be undertaken to better understand the geotechnical state of the ground above the proposed underground mine prior to the commencement of underground mining activities. The geotechnical survey should identify areas that may be prone to subsidence or cave-in and determine what third-party properties would be at risk in such a scenario.

5.2 Changkeng Project

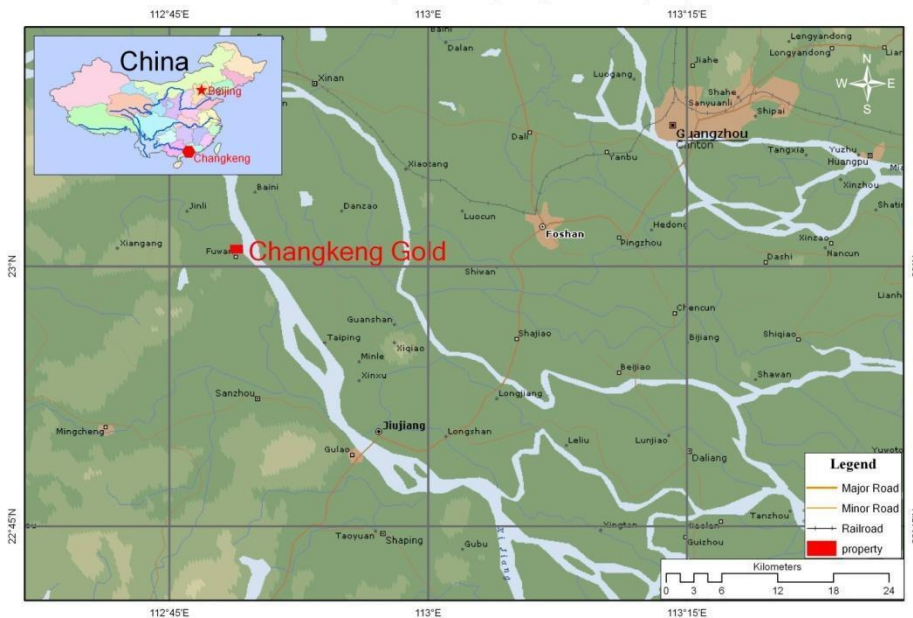
Upon completing the SPA on July 31, 2015, the Company acquired its interest in the Changkeng Project from Minco Capital.

The following is a brief description of the Company's Changkeng Project. Technical Information respecting the Changkeng Project is primarily derived from the Changkeng Technical Reports. The Changkeng Technical Reports were prepared by Tracy Armstrong, P. Geo. Ontario, Eugene Puritch, P. Eng. Ontario and Antoine Yassa, P. Geo. Québec, all of P&E and all "qualified persons" for NI 43-101. These technical reports include relevant information regarding the data, data validation and the assumptions, parameters and methods of the mineral resource estimates on the Changkeng Gold Project.

LOCATION

The Changkeng Project is located approximately 45 km southwest of Guangzhou, the fourth largest city in China with over 14 million people and the capital city of Guangdong Province. The project is adjacent to Fuwan Silver Deposit and close to well established water, power, and transportation infrastructure.

Location Map of Changkeng Gold Property



OWNERSHIP

The Company has a 51 % interest in the Changkeng Project through its subsidiaries Mingzhong and Tibet Minco Mining Co. Ltd.

EXPLORATION ACTIVITIES

No exploration activities were conducted on the Changkeng Project in the past three years except as required to maintain the exploration permits in respect of the project.

Technical Information of the Changkeng Project

GEOLOGY

The Changkeng Project is situated at the northwest margin of a triangular upper Paleozoic fault basin, bordered by the northeast-trending Shizhou fault to the northwest, the east-west-trending Dashi fault to the south, and the northwest-trending Xijiang fault to the northeast. Precious and base metal occurrences and deposits are known to occur predominantly along the margins of the 550 km² basin. The 1.18 km² area covers the Changkeng Gold Property over the Changkeng Permit.

The primary structural control at Changkeng is an upright, open syncline with its axis trending northeast. The syncline is composed of Lower Carboniferous limestone and Triassic siliciclastic rocks. A low-angle fault zone is developed along the contact between the Lower Carboniferous and Upper Triassic units. The fault zone is from several meters to tens of meters in width and is occupied by lenticular, brecciated and silicified rocks, brecciated limestone, and silicified sandy conglomerate. The fault zone may have acted as both a feeder conduit and a host structure for the gold and silver mineralization in the area. A set of second-order faults parallel to the major flaw were developed in the limestone at the footwall, and silver mineralization is known to occur in the second-order faults on the Fuwan Property to the south. Gold was discovered at Changkeng in early 1990 through the systematic follow-up of stream sediment and soil geochemical anomalies identified during surveys conducted by the Guangdong Provincial government. Illegal, small-scale mining began in 1991 and removed most of the oxidized, near-surface mineralization. P&E prepared the Changkeng Technical Reports based on 13 surface trenches and 81 diamond drill holes. The Changkeng Technical Reports can be found on SEDAR under the profile of Minco Gold, and are incorporated by reference herein. The detailed resource estimates are provided below.

The Changkeng Project comprises three mineralized zones, the CK1, CK2 and CK3 Zones. The overall strike length of the deposit, incorporating these zones, is approximately 1200 meters in an N065° direction, with a cross-strike width of 110 to 380 meters. The deposit outcrops on the surface and the deepest zone of mineralization intersected by drilling to date are approximately 280 meters below the surface. The average width of a mineralized intersection is 10.4 meters (apparent thickness).

The Changkeng Project falls into the broad category of sediment-hosted epithermal deposits. Gold mineralization occurs as lenticular bodies in the brecciated Triassic classic rocks at the upper portion of the synform zone. The gold area tends to pinch out toward the hinge of the syncline, where it is replaced by silver mineralization at the Fuwan Silver Deposit.

DRILLING PROGRAM

A comprehensive exploration program on the Changkeng Project from late 2007 to the end of 2008. The exploration program consisted of the drilling of 66 diamond holes and an extensive hydrological study and a geotechnical survey. The drilling program was designed to expand the available resources through step-out drilling, and increase the indicated resources through in-fill drilling. The first 22 holes mainly tested the wider-spaced drill targets throughout the property. Drilling was conducted on an approximately 40-meter section spacing with holes on the section between 20 meters and 80 meters apart.

After the 2008 drilling program, the known gold mineralization at the Changkeng Project was extended by approximately 400 meters along strike to the east-northeast, from just less than 900 meters to about 1200 meters in length. In addition, mineralization was also extended down dip in localized areas along the eastern end of the known mineralization.

RESOURCE ESTIMATES

P&E made a resource estimate for the Changkeng Project using diamond drill data from 127 drill holes and 13 surface trenches. On March 25, 2009, an updated NI 43-101 resource estimate for the Changkeng Project, including the calculations of the distinct and separate gold dominant and silver dominant zones, was filed on SEDAR under Minco Gold's profile.

A summary of the updated resource calculation prepared for the Changkeng Project is as follows:

The definitions of Indicated and Inferred Resources comply with the Canadian Institute of Mining Metallurgy and Petroleum CIM Definition Standards on Mineral Resources and Reserves, which the CIM Council adopted on December 11, 2005.

The Changkeng Project has two distinct and separate mineralized zones a gold-dominant zone and a silver-dominant zone. Therefore, the gold portion of the resource estimate has been expanded and upgraded to contain indicated resources of 4.0 million tonnes @ 4.89 g/t Au for a total of 623,100 oz Au. In addition, the estimate includes inferred resources of 4.0 million tonnes @ 3.01 g/t Au for 386,800 oz Au.

March 2009 P&E Gold Dominant Portion of Resource Estimate @ 1.2 g/t AuEq Cut-Off

Classification	Tonnes	Au (g/t)	Au (oz)	Ag (g/t)	Ag (oz)	AuEq ** (g/t)	AuEq ** (oz)
Indicated	3,961,000	4.89	623,100	11.2	1,423,000	5.08	646,800
Inferred	4,001,000	3.01	386,800	9.5	1,218,000	3.16	407,000

**The AuEq grade was calculated from Au US\$800/oz and Ag US\$14/oz with respective recoveries of 95% and 90%. The calculated Au: Ag ratio was 60:1. Pb and Zn values were too low for economic interest for resource reporting purposes.

1. *Mineral resources which are not mineral reserves have yet to demonstrate economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*
2. *The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.*

March 2009 P&E Silver Dominant Portion of Resource Estimate @ 35 g/t Ag Cut-Off

Classification	Tonnes	Ag (g/t)	Ag (oz)	Au (g/t)	Pb (%)	Zn (%)
Indicated	5,622,000	170	30,708,000	0.33	0.35	1.02
Inferred	1,063,000	220	7,517,000	0.24	0.61	1.36

1. *Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.*
2. *The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.*

The resource estimate prepared for the Changkeng Project includes minor amounts of lead and zinc.

5.3 Sagvoll and Sulitjelma Projects

On July 15, 2022, the Company entered into a share option to purchase agreement (the "Option Agreement") with VIAD Royalties AB, a subsidiary of EMX Royalty Corporation, to potentially acquire all issued and outstanding shares of VMS Exploration AS, a Norwegian corporation. VMS Exploration AS owned the Sagvoll and Sulitjelma properties in Norway, collectively referred to as the "Norway Project." The Option Agreement established various financial and operational requirements, including setting the option expiry date to coincide with the first anniversary of signing the agreement. Furthermore, if exercised, the Company would have been obligated to incur additional expenditures on the Norway Project, issue more shares, and make payments to VIAD as detailed in the agreement.

In July 2023, just before the option closing date, the Company decided not to exercise the Option Agreement. Consequently, the Company opted not to proceed with the acquisition of the Norway Project. This choice was made after careful consideration, taking into account the presence of another promising investment opportunity and the importance of maximizing the utilization of available funds.

Up to December 31, 2023, the Company had accrued \$599,056 in exploration and evaluation ("E&E") expenses, which included the initial \$60,000 payment made upon signing the Option Agreement. These E&E expenses covered a range of costs, such as exploration rights, geological studies, drilling licenses, sampling, and directly attributable administrative expenses.

During the year ended December 31, 2024, the Company incurred \$Nil in E&E expenses (compared to \$130,129 in 2023).

ITEM 6. DIVIDENDS

The Company has not declared or paid any dividends on our common shares since incorporation, and we do not foresee the declaration or payment of any dividends on our common shares in the near future. Any decision to pay dividends on our common shares will be made by our Board of Directors on the basis of our earnings, financial requirements, and other conditions existing at such future time, and which our Board of Directors considers appropriate in the circumstances.

ITEM 7. DESCRIPTION OF CAPITAL STRUCTURE

Our authorized capital consists of unlimited common shares without par value. The holders of common shares are entitled to one vote per common share held at all meetings of our shareholders and to receive the remaining property of our Company upon dissolution.

ITEM 8. MARKET FOR SECURITIES

Our common shares are listed for trading on the TSX under the symbol "MSV." The following table provides the monthly price range and trading volume of our common shares from January 1, 2024, to December 31, 2024, on the TSX:

	Trading Summary for MSV		
	High	Low	Volume Traded
	(\$)	(\$)	(# of Shares)
2024			
January	0.21	0.16	224,000
February	0.18	0.14	198,000
March	0.17	0.14	515,500
April	0.23	0.15	995,100
May	0.24	0.21	416,800
June	0.23	0.20	487,800
July	0.21	0.17	366,900
August	0.19	0.16	315,600
September	0.18	0.16	182,500
October	0.21	0.16	538,600
November	0.20	0.18	477,600
December	0.20	0.18	194,100

ITEM 9. SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As of December 31, 2024, no shares of the Company are held in escrow or are subject to a contractual restriction on transfer.

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS

10.1 Name, Occupation and Security Holding

Our board of directors is comprised of four members. The term of office for each of our directors will expire at our next annual general meeting of shareholders. The following table sets forth the name, province or state and country of residence, positions held and date of appointment and principal occupation for each of our directors and executive officers as of the date of this Annual Information Form:

Name and Province or State and Country of Residence	Position	Director and Officer Since	Principal Occupation for the Past Five Years
Dr. Ken Z. Cai Beijing, China	Chairman, Chief Executive Officer, President and Director	August 20, 2004	Dr. Cai is also the Chief Executive Officer and a Director of Minco Capital Corp. and Hemnova.
Maria Tang ⁽¹⁾⁽²⁾⁽⁴⁾ British Columbia, Canada	Director	July 27, 2015	Ms. Tang, C.P.A., CA, is the President, Chief Financial Officer and Director of Hemnova. She is also a director of New Pacific Metals Corp. since December 2021. Ms. Tang has a Bachelor of Science degree from Nankai University and holds both a Chartered Accountancy and American Institute of Certified Public Accountant designations.
George Lian ⁽²⁾⁽³⁾⁽⁴⁾ British Columbia, Canada	Director	June 28, 2010	Mr. Lian has been the Independent Director and Chief Financial Officer of Arcland Resources Inc. from August 2010 to the present.
Tim Sun ⁽²⁾⁽⁴⁾ Hong Kong, SAR, China	Director	March 28, 2011	Dr. Sun served as an Independent Director of Hengxing Gold Holding Company Limited from 2014 to early 2021, when it was delisted from Hongkong Stock Exchange.
Renee Lin, British Columbia, Canada	Chief Financial Officer	July 13, 2022	Ms. Lin, CPA, also serves as the Chief Financial Officer of Minco Capital Corp., bringing with her a wealth of experience from her previous roles in financial management. She holds a Bachelor of Commerce degree from the Sauder School of Business at the University of British Columbia and is a proud member of the Chartered Professional Accountants of British Columbia.

Notes:

- (1) Chair of the Audit Committee.
- (2) Member of the Audit Committee.
- (3) Chair of the Compensation Committee.
- (4) Member of the Compensation Committee.

As of December 31, 2024, our directors and senior officers, as a group, beneficially owned, directly or indirectly, or exercised control or direction over 4,848,100 (approximately 7.9%) of our issued and outstanding common shares.

10.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions

No director or executive officer of the Company is, as at the date of this Annual Information Form, or has been, within ten years before the date of this Annual Information Form, a director, CEO or CFO of any company (including our Company) that:

- (a) was the subject, while the director or executive officer was acting in the capacity as a director, CEO or CFO of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
- (b) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that person was acting in the capacity as director, CEO or CFO of such company.

To the best of our knowledge, no director, executive officer or shareholder holding a sufficient number of securities of our Company to affect materially the control of our Company:

- (a) is, as at the date of this Annual Information Form, or has been within ten years before the date of this Annual Information Form, a director or executive officer of any company (including our Company) that, while that person was acting in that capacity, or within a year of that person ceasing to work in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceeding, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- (b) has, within the ten years before the date of this Annual Information Form, become bankrupt, proposed any legislation relating to bankruptcy or insolvency, become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver, manager or trustee appointed to hold the assets of the director, executive officer or shareholder;
- (c) has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (d) has been subject to any penalties or sanctions imposed by a court or regulatory body that would likely be important to a reasonable investor in making an investment decision.

10.3 Conflicts of Interest

Certain members of the Company's board of directors and officers also serve as officers or directors of other companies involved in natural resource exploration and development, as well as companies related to the Company. Consequently, there is a possibility that these directors and officers may be in a position of conflict. In particular, Ken Z. Cai serves as a director and executive officer of the Company, Minco Capital, and Hempnova. Maria Tang is a director of the Company, and serves as an executive officer of Hempnova. Renee Lin serves as an executive officer of the Company and Minco Capital. Any decisions made by those directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and other companies. In addition, such directors and officers will declare and refrain from voting on any matter in which such directors or officers may have a conflict of interest. Issues between the Company and other companies, including but not limited to Hempnova and Minco Capital, that put any of the directors or officers of the Company in a position of conflict are approved by the Audit Committee of the Board of Directors (the "Audit Committee"), which is comprised of independent directors.

In addition to the potential conflicts described above, some directors and officers of the Company are also directors or officers of other reporting and non-reporting issuers engaged in the natural resources and other industry sectors. Accordingly, conflicts of interest may arise, which could influence the decisions or actions of particular directors or officers of the Company. The Company is unaware of any conflicts of interest between the Company and any of its directors and officers as of the date of this Annual Information Form.

ITEM 11. AUDIT COMMITTEE DISCLOSURE

11.1 The Audit Committee's Charter

Our Audit Committee operates under a written charter outlining its responsibilities and composition requirements. A copy of the audit committee charter is attached as Schedule "A".

11.2 Composition of the Audit Committee

The members of the Audit Committee are Maria Tang, Tim Sun, and George Lian. Each is financially literate and an independent director of the Company.

Name of Member	Independent ⁽¹⁾	Financially Literate ⁽²⁾
George Lian	Yes	Yes
Maria Tang	Yes	Yes
Tim Sun	Yes	Yes

Notes:

- (1) To be considered independent, a member of the Audit Committee must not have any direct or indirect "material relationship" with our Company. A "material relationship" is a relationship which could, in the view of our directors, be reasonably expected to interfere with the exercise of a member's independent judgment.
- (2) To be considered financially literate, a member of the Audit Committee must have the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the range and complexity of the issues that can reasonably be expected to be raised by our financial statements.

11.3 Relevant Education and Experience

The following relevant education and experience of the members of the Audit Committee have been used in assessing their financial literacy:

Maria Tang

Ms. Tang, CA, C.P.A, is the President, Chief Financial Officer and Director of HempNova and New Pacific Metals Corp. She served as the Chief Financial Officer of Silvercorp Metals Inc. from October 1, 2008, until February 6, 2015. Ms. Tang also served as Chief Financial Officer and Chief Accountant of New Pacific Metals Corp. from October 1, 2008, until February 6, 2015. From 2005 to 2008, she worked with Ernst & Young LLP, focusing on public company audits with China operations. Ms. Tang has a Bachelor of Science degree from Nankai University and holds both a Chartered Accountancy and American Institute of Certified Public Accountant designations.

George Lian

Mr. George Lian has been a director of Minco Silver since June 2010. Mr. Lian holds an M.A. degree in Economics from Concordia University in Quebec, Canada, and an M.B.A. degree from Shanghai Jiao Tong University in Shanghai, China.

Tim Sun

Dr. Sun holds a Ph.D. in mining engineering from Queen's University in Kingston, Ontario. He has extensive mining experience and holds several senior positions in the mining industry, including the Chief Representative and Country Manager for Ivanhoe Mines at its OT-Copper-Gold project in Mongolia. Dr. Sun also served as the Chief Representative in China for Griffin Mining, a sizeable lead-zinc operation based in Australia (AIM listed), and as Vice President (China) for Asian Minerals Corp.

11.4 Audit Committee Oversight

Since the commencement of our most recently completed financial year, the Audit Committee has yet to recommend nominating or compensating an external auditor that was not adopted by our board of directors.

Reliance on Certain Exemptions

Since the commencement of our most recently completed financial year, we have not relied on the exemption in section 2.4 (*De Minimis Non-Audit Services*), section 3.2 (*Initial Public Offerings*), subsection 3.3(2) (*Controlled Companies*), section 3.4 (*Events Outside Control of Member*), section 3.5 (*Death, Disability or Resignation of Audit Committee Member*), section 3.6 (*Temporary Exemption for Limited and Exceptional Circumstances*) or section 3.8 (*Acquisition of Financial Literacy*) of National Instrument 52-110 – *Audit Committees* ("NI 52-110"), or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemptions*) of NI 52-110.

11.5 Pre-Approval Policies and Procedures

The Audit Committee has established specific policies and procedures for engaging in non-audit services, as outlined in the Audit Committee Charter.

11.6 External Auditor Service Fees

The following table discloses the fees billed to us by our external auditor during the last two financial years:

	Year ended December 31,	
	2024	2023
Audit Fees ⁽¹⁾	\$75,000	\$70,000
Audit-Related Fees ⁽²⁾	Nil	\$2,050
Tax Fees ⁽³⁾	\$2,800	\$2,500
All Other Fees ⁽⁴⁾	\$800	800
TOTAL	78,600	\$75,350

Notes:

- (1) The aggregate fees billed for audit services.
- (2) The aggregate fees billed for consultation, assurance and related services that are reasonably related to the performance of the audit or review of our Company's financial statements.
- (3) The aggregate fees billed for tax compliance, corporate income tax returns, tax advice, tax compliance, and tax planning services.
- (4) The aggregate fees billed for professional services other than those listed in the other columns items.

ITEM 12. LEGAL PROCEEDINGS AND REGULATORY ACTIONS

The Company is not, and was not, involved in any legal proceeding during the fiscal year ended December 31, 2024, that involved a claim for damages in an amount, excluding costs and interest, exceeding ten percent of the Company's current assets.

ITEM 13. REGISTRAR AND TRANSFER AGENT

The Company's registrar and transfer agent for its common shares is Computershare Investor Services Inc., located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia, Canada V6C 3B9.

ITEM 14. INTEREST OF MANAGEMENT IN MATERIAL TRANSACTIONS

No director, executive officer, or 10% shareholder of our Company or any associate or affiliate of any such person or company has or had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or will materially affect our Company, except as otherwise described in this Annual Information Form.

ITEM 15. MATERIAL CONTRACTS

Except as otherwise described in this Annual Information Form, there are no contracts, other than contracts entered into in the ordinary course of business, that are material to us and that were entered into in the most recently completed financial year or before the most recently completed financial year, but are still in effect.

The following material contracts were entered into by us during the most recently completed financial year or before the most recently completed financial year but are still in effect:

1. On April 16, 2004, the Company entered into a Joint Venture Agreement with Guangdong Geological Exploration and Development Corp. ("GGEDC") to establish a Sino-foreign joint venture enterprise (the "Joint Venture Enterprise"), constituted as a separate legal entity in Guangzhou city in Guangdong Province, to explore and develop the Fuwan Silver Deposit in Guangdong Province. Both parties contributed cash to the Joint Venture Enterprise, with the GGEDC contributing 9 million RMB and the Company contributing 21 million RMB. This joint venture term is valid for a period of 30 years.
2. On August 18, 2004, the Company entered into an amendment to the Joint Venture Agreement with GGEDC regarding the settlement of the Fuwan Exploration Permits.
3. On October 2022, the Company, through Minco China, acquired an interest in the Tianjin Saikeshuan Enterprise Management Center Limited (the "Saikeshuan LP") from Tianjin Huaxin Anneng Management Consulting Partnership LP ("Huaxin") for \$23,510,000 (RMB 119.8 million), which represent 9.54% interest in the limited partnership. The Company's stake in the Saikeshuan LP gives it an indirect interest in approximately 7,481,000 shares of Hexie. In conjunction with the acquisition, Minco China also entered into a restructuring and distribution agreement with Saikeshuan LP as its general partner, pursuant to which the parties will restructure the Saikeshuan LP to initiate Minco China as a direct holder of the Hexie Shares with the right to trade those shares directly on behalf of the Saikeshuan LP. Under the terms of this restructuring agreement, the Company will be entitled to recoup its entire purchase price from the sale proceeds of Hexie shares. Once the purchase price has been recouped, all remaining proceeds will be distributed, with 20% going to the general partner and the remaining 80% to Minco China.

ITEM 16. INTERESTS OF EXPERTS

The following is a list of persons or companies named as having prepared or certified a statement, report or valuation in this Annual Information Form, either directly or in a document incorporated by reference and whose profession or business gives authority to the statement, report or valuation made by the person or company.

The Company's auditors are MSLL CPA LLP, Chartered Professional Accountants, who have prepared an independent auditor's report dated March 21, 2025, in respect of the Company's consolidated financial statements as of December 31, 2024, and 2023. MSLL CPA LLP has advised that they are independent with respect to the Company within the meaning of the Chartered Professional Accountants of British Columbia Code of Professional Conduct.

To the best of the Company's knowledge, none of the principals of P&E and Wardrop (the authors of various technical reports for the Company) have any registered or beneficial interest, direct or indirect, in any securities or other property of the Company.

Fang Wan is the "qualified person" of the Company, as such term is defined under NI 43-101, and is responsible for preparing technical disclosure in this Annual Information Form. Mr. Fang Wang does not beneficially own 1% or more of any class of our outstanding securities, directly or indirectly.

ITEM 17. ADDITIONAL INFORMATION

Additional information regarding us, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under our equity compensation plans, is contained in our management information circular dated May 24, 2024, which is available on SEDAR at www.sedarplus.ca. In addition, additional financial information is provided in our consolidated financial statements and related management's discussion and analysis for the fiscal year ended December 31, 2024, which is available on SEDAR at www.sedarplus.ca.

SCHEDULE "A"

MINCO SILVER CORPORATION

AUDIT COMMITTEE CHARTER

I. Mandate and Purpose of the Committee

The Audit Committee (the "**Committee**") of the board of directors (the "**Board**") of Minco Silver Corporation (the "**Company**") is a standing committee of the Board whose primary function is to assist the Board in fulfilling its oversight responsibilities relating to:

- (a) the integrity of the Company's financial statements;
- (b) the Company's compliance with legal and regulatory requirements as they relate to the Company's financial statements;
- (c) the qualifications, independence and performance of the Company's auditor;
- (d) internal controls and disclosure controls;
- (e) the performance of the Company's internal audit function;
- (f) consideration and approval of certain related party transactions; and
- (g) performing the additional duties set out in this Charter or otherwise delegated to the Committee by the Board.

II. Authority

The Committee has the authority to:

- (a) engage and compensate independent counsel and other advisors as it determines necessary or advisable to carry out its duties; and
- (b) communicate directly with the Company's auditor.

The Committee has the authority to delegate to individual members or subcommittees of the Committee.

III. Composition and Expertise

The Committee shall be composed of at least three members, each of whom is a director of the Company. Each Committee member must be "independent" and "financially literate", as such terms are defined in applicable securities legislation.

Committee members shall be appointed annually by the Board at the first meeting of the Board following each annual meeting of shareholders. Committee members hold office until the next annual meeting of shareholders or until they are removed by the Board or cease to be directors of the Company.

The Board shall appoint one member of the Committee to act as Chair. If the Chair is absent from any meeting, the Committee shall select one of the other members to preside at that meeting.

IV. Meetings

Any member of the Committee or the auditor may call a meeting of the Committee. The Committee shall meet at least four times per year and as many additional times as the Committee deems necessary to carry out its duties. The Chair shall develop and set the Committee's agenda in consultation with other members of the Committee, the Board and senior management.

Notice of the time and place of every meeting shall be given in writing to each member of the Committee at least 72 hours (excluding holidays) before the time fixed for such meeting. The Company's auditor shall be given notice of every meeting of the Committee and, at the Company's expense, shall be entitled to attend and be heard at such meetings. If requested by a member of the Committee, the Company's auditor shall participate in every meeting held during the term of office of the Company's auditor.

A majority of the Committee shall constitute a quorum. The Committee may transact no business except at a meeting of its members, at which a quorum of the Committee is present in person or using such telephonic, electronic, or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

The Committee may invite, from time to time, such directors, officers, employees of the Company, and advisors as it deems fit to attend meetings of the Committee.

The Committee shall meet without management present whenever the Committee deems it appropriate.

The Committee shall appoint a Secretary who can be someone other than a director or officer of the Company. The secretary shall record and maintain minutes of the Committee Meetings and subsequently present them to the Committee for review and approval.

V. Committee and Charter Review

The Committee shall conduct an annual review and assessment of its performance, effectiveness and contribution, including a review of its compliance with this Charter. The Committee shall conduct such review and evaluation as it deems appropriate and report the results to the Board.

The Committee shall also review and assess the adequacy of this Charter annually, taking into account all legislative and regulatory requirements applicable to the Committee, as well as any guidelines recommended by regulators or the Toronto Stock Exchange. It shall then recommend changes to the Board accordingly.

VI. Reporting to the Board

The Committee shall report to the Board in a timely manner on each of its meetings. This report may take the form of circulating copies of the meeting minutes.

VII. Duties and Responsibilities

(a) Financial Reporting

The Committee is responsible for reviewing and recommending approval to the Board of the Company's annual and interim financial statements, MD&A and related news releases before they are released.

The Committee is also responsible for the following:

- (i) being satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from the Company's financial statements, other than the public disclosure referred to in the preceding paragraph, and for periodically assessing the adequacy of those procedures;
- (ii) engaging the Company's auditor to review the interim financial statements and receiving from the Company's auditor a formal report on the auditor's review of such interim financial statements;
- (iii) discussing with management and the Company's auditor the quality of applicable accounting principles and financial reporting standards, not just the acceptability of thereof;
- (iv) discussing with management any significant variances between comparative reporting periods; and
- (v) in the course of discussion with management and the Company's auditor, identifying problems or areas of concern and ensuring such matters are satisfactorily resolved.

(b) Auditor

The Committee is responsible for recommending to the Board:

- (i) the auditor to be nominated to prepare or issue an auditor's report or perform other audits, review or attest services for the Company; and
- (ii) the compensation of the Company's auditor.

The Company's auditor reports directly to the Committee. The Committee is directly responsible for overseeing the work of the Company's auditor, which includes preparing or issuing an auditor's report, performing other audits, reviews, or attest services for the Company, and resolving disagreements between management and the Company's auditor regarding financial reporting.

(c) Relationship with the Auditor

The Committee is responsible for reviewing the proposed audit plan and proposed audit fees. The Committee is also responsible for the following:

- (i) establishing effective communication processes with management and the Company's auditor so that it can objectively monitor the quality and effectiveness of the auditor's relationship with management and the Committee;
- (ii) receiving and reviewing regular feedback from the auditor on the progress against the approved audit plan, essential findings, recommendations for improvements and the auditor's final report;
- (iii) reviewing, at least annually, a report from the auditor on all relationships and engagements for non-audit services that may be reasonably thought to bear on the independence of the auditor; and
- (iv) meeting in camera with the auditor whenever the Committee deems it appropriate.

(d) **Accounting Policies**

The Committee is responsible for the following:

- (i) reviewing the Company's accounting policy note to ensure completeness and acceptability with applicable accounting principles and financial reporting standards as part of the approval of the financial statements;
- (ii) discussing and reviewing the impact of proposed changes in accounting standards or securities policies or regulations;
- (iii) reviewing with management and the auditor any proposed changes in major accounting policies and key estimates and judgments that may be material to financial reporting;
- (iv) discussing with management and the auditor the acceptability, degree of aggressiveness/conservatism and quality of underlying accounting policies and key estimates and judgments; and
- (v) discussing the clarity and completeness of the Company's financial disclosures with management and the auditor.

(e) **Risk and Uncertainty**

The Committee is responsible for reviewing, as part of its approval of the financial statements:

- (i) uncertainty notes and disclosures; and
- (ii) MD&A disclosures.
- (iii) in consultation with management, the Committee will identify the principal business risks and decide on the Company's "appetite" for risk. The Committee is responsible for reviewing related risk management policies and recommending such policies for approval by the Board. The Committee is then responsible for communicating and assigning such policies for implementation and ongoing monitoring to the applicable Board Committee.

The Committee is responsible for requesting the auditor's opinion of management's assessment of the company's significant risks and how effectively they are managed or controlled.

(f) **Controls and Control Deviations**

The Committee is responsible for reviewing the following:

- (i) the plan and scope of the annual audit with respect to planned reliance and testing of controls; and
- (ii) major points in the auditor's management letter resulting from control evaluation and testing.

The Committee is also responsible for receiving reports from management when significant control deviations occur.

(g) **Compliance with Laws and Regulations**

The Committee is responsible for reviewing regular reports from management and others (e.g. auditors) concerning the Company's compliance with financial-related laws and regulations, such as:

- (i) tax and financial reporting laws and regulations;
- (ii) legal withholdings requirements;
- (iii) environmental protection laws; and
- (iv) other matters for which directors face liability exposure.

(h) **Related Party Transactions**

All transactions between the Company and a related party (each a "related party transaction"), other than transactions entered into in the ordinary course of business, shall be presented to the Committee for consideration.

The term "related party" includes (i) all directors, officers, employees, consultants and their associates (as that term is defined in the Securities Act (Ontario)), as well as all entities with common directors, officers, employees and consultants (each "general related parties"), and (ii) all other individuals and entities having beneficial ownership of, or control or direction over, directly or indirectly securities of the Company carrying more than 10% of the voting rights attached to all of the Company's outstanding voting securities (each "10% shareholders").

Related-party transactions involving generally related parties that are not material to the Company require review and approval by the Committee. Related-party transactions that are material to the Company or involve 10% or more of the shareholders require approval by the Board, following the Committee's review and recommendation to the Board.

II. Non-Audit Services

All non-audit services to be provided to the Company or its subsidiary entities by the Company's auditor must be pre-approved by the Committee.

III. Submission Systems and Treatment of Complaints

The Committee is responsible for establishing procedures for:

- (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
- (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

The Committee is responsible for reviewing complaints and concerns brought to the attention of the Audit Committee Chair and ensuring that these complaints and concerns are addressed appropriately. The Committee shall report quarterly to the Board on the status of any complaints or concerns it receives.

PROCEDURE FOR REPORTING OF FRAUD OR CONTROL WEAKNESSES

Employees are expected to report situations in which they suspect fraud or are aware of internal control weaknesses. Accordingly, an employee should treat suspected fraud seriously and ensure that the case is brought to the attention of the Committee. In addition, defects in the Company's internal control procedures that may result in errors or omissions in financial information or that create a risk of potential fraud or loss of the Company's assets should be brought to the attention of management and the Committee.

To facilitate the reporting of suspected fraud, the Company's policy is that the employee (the "whistleblower") has anonymous and direct access to the Chair of the Compensation Committee. The current Chair, Mr. George Lian, can be reached at 778-883-3982. Should a new Chair be appointed before updating this document, the current Chair will ensure that the whistleblower can be informed of the new Chair in a timely manner. If the Chair of the Compensation Committee cannot be reached, the whistleblower should contact the Chair of the Audit Committee. Access to the Company's Directors' names and places of employment can be found on the Company's website.

In addition, it is the policy of the Company that employees concerned about reporting internal control weaknesses can report such defects directly to management or anonymously to the Committee. However, in this case, the employee should follow the abovementioned procedure for reporting suspected fraud.

IV. Hiring Policies

The Committee is responsible for reviewing and approving the Company's hiring policies regarding partners, employees and former partners and employees of the present and former auditor.

Updated by the Board on March 28, 2014.