MINCO SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017

This Management's Discussion and Analysis ("MD&A") of Minco Silver Corporation ("Minco Silver" or the "Company") has been prepared on the basis of available information up to November 13, 2017 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the three and nine months ended September 30, 2017 and the audited consolidated financial statements and related notes for the recent year ended December 31, 2016. The Company's condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including IAS 34, Interim Financial Reporting. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

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

Additional information, including the above mentioned audited financial statements, the MD&A, and the Annual Information Form ("AIF") for the year ended December 31, 2016, which contain extensive disclosure of the history and properties of the Company, are available on SEDAR.

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

As at September 30, 2017, the Company had these Chinese subsidiaries: Minco Yinyuan Co. (Minco Yinyuan), Minco HK, Changfu Minco (90% ownership), Zhongjia Jinggu Limited (Zhongjia), Minco Mining (China) Corporation ("Minco China"), Yuanling Minco Mining Ltd. ("Yuanling Minco"), Tibet Mining Co. Ltd. ("Tibet Minco"), Huaihua Tiancheng Mining Ltd. ("Huaihua"), Minco Resources, Guangdong Mingzhong Mining Co. Ltd. ("Mingzhong") (51% ownership), Beijing Minco International Resources Investment Services Ltd. ("International Resources").

As at September 30, 2017 and the date of this MD&A, the Company has 60,691,414 common shares, 1,000,000 performance share units and 6,163,671 stock options, for a total of 67,855,085 common shares outstanding on a fully diluted basis.

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1. Exploration and Project Development Activities

1.1 Fuwan Silver Project

The Company's principal property is the Fuwan Silver Project located in Gaoming County approximately 45 km southwest of Guangzhou, the fourth largest city in China with more than 13 million people and the capital city of Guangdong Province. The Company's objective is to develop the Fuwan Silver/Changkeng Gold Project and commence commercial mining operations on the property. As of September 30, 2017, the Company, through Changfu Minco, has three reconnaissance survey exploration permits on the Fuwan Silver Project (Luoke-Jilinggang Permit, Hecun Permit, and the Guyegang-Sanyatang Property), having a total area of 125.74 sq. km, covering a major part of the northeast-trending Fuwan silver belt which hosts the known gold and silver occurrences in the Sanzhou basin, including the Fuwan Silver Project and the Changkeng Gold Project (section 1.2) of which the Company owns a 51% interest.

The main exploration permit of the Fuwan main deposit area is the Luoke-Jilinggang (57.16 sq. km.). The renewal application of Luoke- Jilinggang exploration permit (expired on July 20, 2017) and the Guyegang-Sanyatang permit (expired on March 17, 2017) have been submitted and are pending approval from the relevant government agency. The Company expects to receive the renewal approval of the Guyegang-Sanyatang permit before the fiscal 2017 year end.

The Hecun permit expires on August 12, 2018 and the Company intend to renew it upon its expiry.

Technical information or other scientific information of the Fuwan Silver Project are disclosed in two Technical Reports, which are available at www.sedar.com under the Company's profile or on the Company's website at www.mincosilver.com. Following is a summary:

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

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

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

There have been no significant changes in the geology, drilling program and resource estimate since the recent year ended December 31, 2016. During the nine months ended September 30, 2017, the Company did not conduct any exploration activities, except for maintaining the permits and licenses of the Fuwan Silver Project.

1.2 Changkeng Gold Project

The Company acquired Changkeng Gold Project from Minco Gold Corp. ("Minco Gold") on July 31, 2015. The Changkeng Gold Project is adjoined to the Fuwan Silver Project and situated close to well-established water, power, and transportation infrastructure.

Technical Information of the Changkeng Gold Project is available from the NI 43-101 technical report prepared for Minco Gold entitled "Technical Report and Updated Resource Estimate on the Changkeng Gold Project Guangdong Province, China", dated effective February 21, 2009 and prepared by Tracy Armstrong, P. Geo Ontario, Eugene Puritch, P. Eng. Ontario and Antoine Yassa, P.Geo. Québec., who are qualified persons for the purposes of NI 43-101. This technical report includes relevant information regarding the data,

data validation and the assumptions, parameters, and methods of the mineral resource estimates on the Changkeng Gold Project and is available at www.sedar.ca under the profile of Minco Gold Corp.

Mingzhong is a cooperative joint-venture established among Minco China, Guangdong Geological Bureau, Guangdong Gold Corporation, and two private Chinese companies, in order to jointly explore and develop the Changkeng Property. Mingzhong signed a purchase agreement in January 2008 to buy a 100% interest in the Changkeng Exploration Permit on the Changkeng Gold Project from 757 Exploration Team. The transfer of the Changkeng Exploration Permit from 757 Exploration Team to Mingzhong was approved by the MOLAR in 2009. The Changkeng Exploration Permit expired on September 10, 2017. The renewal application has been submitted and is pending approval. There have been no significant changes in the geology, drilling program and resource estimate since the recent year ended December 31, 2016. During the nine months ended September 30, 2017, the Company did not conduct any exploration activities, except for maintaining the Changkeng exploration permit of the Changekeng Gold Project.

1.3.1 Feasibility Study, Resource Estimates, and Exploration Program

As the Company intends to combine and develop the Changkeng Gold Project and the Fuwan Silver Project as one project ("the Fuwan-Changkeng Project"), a new study for the combined Fuwan-Changkeng Project has been prepared by CHALIECO, a Chinese design engineering institute based in Changsha, Hunan, China during fiscal 2015. The Company will make reference to the study in planning the next step of development of the Fuwan-Changkeng Project as sensitivity analysis conducted on metal prices, operating cost and capital cost undertaken as part of the study are within the conditions that currently exist.

1.3.2 Current Developments on the combined Fuwan Silver Project and Changkeng Gold Project

Permitting

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

- The Mining Area Permit, which covers approximately 0.79 sq. km, defines the mining limits of the Fuwan Silver Project and restricts the use of this land to mining activities was approved by the Ministry of Land and Resources ("MOLAR"). This Mining Area Permit expires on April 10, 2018 and the Company intend to renew this permit upon its expiry.
- The development plan of the combined Fuwan Silver Project and Changkeng Gold Project has been completed and is ready to the submission to MOLAR.

The latest EIA report for the combined Fuwan-Changkeng Project is still under draft.

Combination of Fuwan Silver Project and Changkeng Gold Project

Since fiscal 2016, the Company has been working in combining the Fuwan Silver Project and the Changkeng Gold Project which adjoins the Fuwan Silver Project. The Company has engaged consultants to value these two projects to determine the appropriate percentage of interest that should be owned by the Company in the combined property. The Company plans to proceed with the combination is pending approval from both the Company and the business partners in the combined Fuwan-Changkeng project.

1.4 Exploration costs breakdown

Following is a summary of the accumulated cost incurred in connection with the Company's mineral interest:

	December 31, 2016	Addition-exploration	Effect of change in foreign exchange rate	September 30, 2017
	$	$	$	$
Fuwan Silver Project	35,287,777	1,102,097	(1,156,245)	35,233,629
Changkeng Gold Project	23,853,802	503,530	(796,014)	23,561,318
Total	59,141,579	1,605,627	(1,952,259)	58,794,947

The following is a summary of costs capitalized or incurred for the Fuwan Silver Project and Changkeng Project for the nine months ended September 30, 2017

Fuwan Silver Project	December 31, 2016	Addition, 2017	Accumulative to September 30, 2017
	$	$	$
Consulting fees	6,024,045	111,302	6,135,347
Drilling	1,859,018	-	1,859,018
Salaries and benefits	2,844,757	275,537	3,120,294
Feasibility study	1,991,340	-	1,991,340
Share-based compensation	7,015,540	265,727	7,281,267
Mining design costs	661,687	-	661,687
Mining license application	4,320,931	186,092	4,507,023
Environment impact assessment	1,105,071	1,386	1,106,457
Travel	631,900	19,839	651,739
Others	2,780,297	242,214	3,022,511
Total before foreign exchange	29,234,586	1,102,097	30,336,683
Foreign exchange	6,053,191	(1,156,245)	4,896,946
Total	**35,287,777**	**(54,148)**	**35,233,629**

Changkeng Project	December 31, 2016	Addition, 2017	Accumulative to September 30, 2017
		$	$
Acquisition cost	25,312,695	-	25,312,695
Consulting fees	18,102	111,302	129,404
Drilling	142,863	-	142,863
Feasibility study	112,201	-	112,201
Mining design and license application	48,749	40,141	88,890
Share-based compensation	-	265,727	265,727
Salaries and benefits	221,952	85,416	307,368
Site office rent and related costs	2,374	944	3,318
Total before foreign exchange	25,858,936	503,530	26,362,466
Effect of changes in Foreign exchange rate	(2,005,134)	(796,014)	(2,801,148)
Total	**23,853,802**	**(292,484)**	**23,561,318**

2. Results of Operations

2.1 For the quarter ended September 30, 2017 and 2016

Three months ended September 30,	**2017**	**2016**	**Changes**
	$	**$**	**$**
Administrative expenses	(1,244,379)	(509,505)	(734,874)
Foreign exchange gain (loss)	(665,475)	338,080	(1,003,555)
Other income	235,312	68,601	166,711
Net loss	**(1,674,542)**	**(102,824)**	**(1,571,718)**

Net loss for the three months ended September 30, 2017 was $1,571,718 higher than the same quarter of 2016. The increase in loss was mainly a combined result of a $734,874 increase in administrative expenses, and an increase of $1,003,555 in foreign exchange loss.

2.1.1 Administrative expenses

The following table is a summary of the Company's administrative expenses for three months ended September 30, 2017 and 2016.

Three months ended September 30,	2017	2016	ref	Changes
	$	$		$
Audit, legal and regulatory	107,887	55,850		52,037
Amortization	16,961	22,460		(5,499)
Consulting	21,036	23,387		(2,351)
Directors' fees	22,250	24,500		(2,250)
Field office expenses	115,670	94,564		21,106
Investor relations	492	794		(302)
Office administration	80,208	74,132		6,076
Rent	80,567	86,656		(6,089)
Salaries and benefit	111,722	121,922		(10,200)
Share-based compensation	678,067	(17,212)	a	695,279
Travel and transportation	9,519	22,452		(12,933)
	1,244,379	509,505		734,874

(a) The Company granted 4,000,000 options and 1,000,000 performance share units during the first quarter of 2017. There was no similar transaction in 2016. As a result, share-based compensation increased in the three months ended September 30, 2017

2.1.2 Finance and other income (expenses)

Three months ended September 30,	2017	2016	Changes
	$	$	$
Foreign exchange gain (loss)	(665,475)	338,080	(1,003,555)
Gain on investment	18,568	-	18,568
Interest income	198,890	50,600	158,290
Other income (expenses)	17,854	18,001	(147)
Total	**(430,163)**	**406,681**	**(836,844)**

Foreign exchange gains and losses

The Company's foreign exchange gain (loss) is a result of two components: the effect of the change of exchange rate between US dollar and Canadian dollar on the US dollar denominated deposit in Canada; and the effect of the change of exchange rate between US dollar and RMB (the functional currency of the Company's Chinese subsidiaries) on the US dollar denominated deposit held by the Company's Chinese subsidiaries. This foreign exchange gain (loss) fluctuates from time to time and is difficult to predict. The Company does not have currency hedge associated to the Company's US dollars position.

Interest income increased as the interest rate offered by financial institution started to increase commencing the second half of the year.

2.2 For the nine months ended September 30, 2017 and 2016

Nine months ended September 30,	2017	2016	Changes
	$	$	$
Administrative expenses	(3,402,677)	(1,957,983)	(1,444,694)
Foreign exchange loss	(1,333,356)	(1,037,614)	(295,742)
Other income	505,113	440,233	64,880
Net loss	**(4,230,920)**	**(2,555,364)**	**(1,675,556)**

Net loss for the nine months ended September 30, 2017 was $1,675,556 more than the same period in 2016. The increase in loss was mainly a result of a $1,444,694 increase in administrative expenses and $295,742 increase in foreign exchange loss.

2.2.1 Administrative expenses

The following table is a summary of the Company's administrative expenses for the nine months ended September 30, 2017 and 2016.

Nine months ended September 30,	2017	2016	ref	Changes
	$	$		$
Audit, legal and regulatory	186,326	205,562		(19,236)
Amortization	55,050	73,487		(18,437)
Consulting	62,267	70,935		(8,668)
Directors' fees	72,750	74,250		(1,500)
Field office expenses	336,556	344,705		(8,149)
Investor relations	11,790	65,782		(53,992)
Office administration	192,734	220,638		(27,904)
Rent	247,845	319,946		(72,101)
Salaries and benefit	400,800	403,781		(2,981)
Share-based compensation	1,800,269	123,358	a	1,676,911
Travel and transportation	36,290	55,539		(19,249)
	3,402,677	1,957,983		1,444,694

(a) Share-based compensation increased as discussed in the section 2.1.1

2.2.2 Finance and other income (expenses)

Nine months ended September 30,	2017	2016	Changes
	$	$	$
Foreign exchange gain (loss)	(1,333,356)	(1,037,614)	(295,742)
Gain on investment	12,768	-	12,768
Interest income	483,288	412,874	70,414
Other expenses	9,057	27,359	(18,302)
Total	**(828,243)**	**(597,381)**	**(230,862)**

3. Summary of Quarterly Results

Period ended	Net income (loss) attributable to shareholders	Income (loss) attributable to shareholders per share Basic	Diluted
	$	$	$
09-30-2017	(1,646,051)	(0.03)	(0.03)
06-30-2017	(1,653,585)	(0.03)	(0.03)
03-31-2017	(823,238)	(0.01)	(0.01)
12-31-2016	196,352	0.00	0.00
09-30-2016	(50,138)	(0.00)	(0.00)
06-30-2016	(257,565)	(0.00)	(0.00)
03-31-2016	(2,112,902)	(0.04)	(0.04)
12-31-2015	(162,465)	(0.00)	(0.00)

The Company has not earned revenue from operations since its inception. Variations in quarterly performance over the eight quarters were primarily due to changes in foreign exchange rates and share-based compensation. Appreciation or depreciation of the US dollar can result in significant foreign exchange gains and losses due to the US dollar funds held by the Company.

The Company had a net loss of $1.6 million, $1.6 million, and $2.1 million for the period ended September 30, 2017, June 30, 2017, and March 31, 2016 respectively. These higher than average loss was mainly a combined result of having either higher foreign exchange loss or higher share-based compensation or both.

4. Liquidity and Capital Resources

4.1 Cash Flows

Nine months ended September 30,	2017	2016
Operating activities	($1,516,650)	($1,525,584)
Financing activities	194,500	351,391
Investing activities	$1,214,806	($2,507,973)

Operating activities

During the nine months ended September 30, 2017, cash used in its operating activities is not much different to the same period of the last year as there was no significant changes in business from the last year.

Financing activities

Funds generated from its financing activities were mainly the proceeds received form the exercise of the Company's stock options.

Investing activities

Details of the Company's investing activities are as follows:

Nine months ended September 30,	2017	2016
	$	$
Development cost - mineral interest	(1,038,199)	(1,280,202)
Net redemption (purchase of short-term investments)	2,611,003	(1,221,257)
Purchase of marketable securities	(372,823)	-
others	14,825	(6,514)
	1,214,806	(2,507,973)

4.2 Capital Resources

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

	September 30, 2017	December 31 2016
	$	$
Working capital	47,685,018	51,882,972
Cash and cash equivalents	18,918,855	20,195,199
Short-term investment	27,664,045	31,410,880

During the nine months ended September 30, 2017, the Company's working capital decrease slightly as the Company used its resources on hand to finance its day-to-day operations. The Company believes the working capital on hands is sufficient to meet its current operational and development obligations in the next 12-month operating period.

The Company keeps a significant amount of its cash, cash equivalent, and short-term investment in China in order to meet the capital and operating expenditures in the future development of the Company's Fuwan-Changkeng project. For the cash denominated in RMB that is maintained in China, the remittance of funds to jurisdictions outside China is subject to government rules and regulations on foreign currency controls. Such remittance requires approval by the relevant government authorities or designated banks in China or both. The Company does not expect such withdrawal in the near future.

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

4.3 Contractual Obligations

The Company`s contractual obligations are related to a cost sharing agreement between the Company, Minco Gold and Minco Base Metals Corp. ("MBM"), related parties domiciled in Canada, for the sharing of operating and administrative expenses (e.g. consulting, rental expenses) incurred by these three companies. The cost sharing agreement is renegotiated or amended by the parties as needed.

The operating lease in connection with the shared agreement will expire by April 2018. The Company does not have long-term obligations as at September 30, 2017.

4.4 Use of Proceeds from Public Offering

The Company closed a public offering by way of short form prospectus, of 7,600,000 common shares at a price of $5.95 per share for gross proceeds of approximately $45,220,000 on March 3, 2011. The Company intended to use the funds towards its ongoing efforts to complete the permitting process for the Fuwan Silver Project and for general corporate purposes.

The planned use of proceeds from the public offering has not significantly changed compared to the Company's initial plan.

Use of the proceeds in funding the pre-production capital costs of the Fuwan Silver Project and the Changkeng Gold Project will not occur until the permitting process is completed.

5. Off-Balance Sheet Arrangements

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

6. Transactions with Related Parties

(a) Trust agreement with Minco Gold

The CEO of Minco Gold is also the CEO of the Company. In addition, Minco Gold holds 11,000,000 common shares of the Company (approximately 18% of the Company's outstanding shares). As such, Minco Gold is considered related to the Company.

During fiscal 2015, Minco Gold sold all of its Chinese subsidiaries (Changkeng Project inclusive) to the Company (section 2.1) and ceased to have subsidiaries in China. As a result, Minco Gold entered into a trust agreement with Minco China, a subsidiary of the Company, to hold the interest of certain remaining assets (the "Retained Assets") in China on behalf of Minco Gold. As at September 30, 2017, this trust agreement was eliminated and there was no balance owing between the Company and Minco Gold in connection with this trust agreement.

(b) Shared expenses

The CEO of Minco Base Metals Corporation ("MBM") is also the CEO of the Company. The Company, Minco Gold, MBM share offices and certain administrative expenses.

(c) Due to and due from related parties

	September 30, 2017 $	**December 31, 2016** $
Due from MBM (i)	39,823	161,167
Due to Minco Gold (ii)	24,344	205,145

(i) $39,823 is comprised of the shared expenses and other expenditures to be reimbursed by MBM .

(ii) $24,344 due to Minco Gold was the shared office expenses paid by Minco Gold on behalf of Minco Silver during the nine months ended September 30, 2017.

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

During the three months ended September 30, 2017, the Company paid or accrued $26,911 to Minco Gold (September 30, 2016 – $26,307) in respect of rent and $64,375 (September 30, 2016 – $66,560) in respect of shared administrative and office expenses.

During the nine months ended September, 2017, the Company paid or accrued $88,081 to Minco Gold (September 30, 2016 – $75,070) in respect of rent and $239,447 (September 30, 2016 – $240,951) in respect of shared administrative and office expenses.

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

(d) Key management compensation

During the three and nine months ended September 30, 2017 and 2016, the following compensation was paid and accrued to key management. Key management includes the Company's directors and senior management. This compensation is included in development costs and administrative expenses.

	Three months ended	September 30,	Nine months ended	September 30,
	2017	**2016**	**2017**	**2016**
	$	$	$	$
Cash remuneration	168,291	159,032	494,321	485,463
Share-based compensation	577,696	103,505	1,623,605	369,907
	745,987	262,537	2,117,926	855,370

7. Critical Accounting Estimates and Judgments

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

Impairment

Mineral Interests

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

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

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

8. Accounting Standards Issued but Not Yet Applied

IFRS 9 is a comprehensive standard to replace IAS 39, Financial Instruments: Recognition and Measurement. It includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. The effective date is for annual periods beginning on or after January 1, 2018. Early adoption is permitted. We are currently evaluating the impact of IFRS 9 on our financial statements and expect to adopt the new standard when it comes to effective.

IFRS 16 replaces the previous leases standard IAS 17, Leases and Related Interpretations, and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). Effective January 1, 2019, an entity can choose to apply IFRS 16, but only if it also applies IFRS 15, Revenue from Contracts with Customers. We are currently evaluating the impact of IFRS 16 on our financial statements and expect to adopt the new standard when it comes to effective.

9. Financial Instruments

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

The following table shows the carrying values of assets and liabilities for each of these categories at September 30, 2017 and December 31, 2016.

	September 30, 2017	December 31, 2016
Loans and receivables	**$**	**$**
Cash and cash equivalents	18,918,855	20,195,199
Short-term investments	27,664,045	31,410,880
Receivables	746,504	541,293
Due from related parties	39,823	163,167
FVTPL:		
Investment in marketable securities	385,591	-
Other financial liabilities:		
Accounts payable and accrued liabilities	248,806	424,635
Due to related parties	24,344	205,145

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

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

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

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

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

The Company's investment in marketable securities of $371,084 is measured at fair value at level one.

Financial risk factors

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

Foreign exchange risk

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

The Company does not hedge its exposure to currency fluctuations. The Company has completed a sensitivity analysis to estimate the impact that a change in foreign exchange rates would have on the results of operation of the Company. Based on the Company's net US$15.8 million monetary assets as at September 30, 2017, a change of +/- 10% in US$ foreign exchange rate would have a -/+ $2.0 million (or US$1.6 million) impact on the Company's net loss for the period.

Interest rate risk

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

The Company mainly holds short-term investments such as guaranteed investment certificates at fixed interest rates. As a result, the Company is not exposed to significant interest rate risk.

10. Risks Factor and Uncertainties

A comprehensive discussion of risk factors is included in the Company's AIF for the year ended December 31, 2016 filed on SEDAR at www.sedar.com. Management believes there is not material change of the risk factors since then.

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

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

Management has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. Management has evaluated the effectiveness of the Company's disclosure controls and procedures as at September 30, 2017 and has concluded, based on its evaluation, that these controls and procedures provide reasonable assurance that material information relating to the Company is made known to management and reported as required. Management is also responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The control framework used to design the Company's internal control over financial reporting is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management has evaluated the effectiveness of design and operation of the Company's internal controls over financial reporting as at September 30, 2017. Based on the result of this assessment, management has concluded that the Company's internal controls over financial reporting are effective.

There has been no material changes in the Company's internal control over financial reporting since its recent year ended December 31, 2016.

12. Cautionary Statement of Forward Looking Information

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

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

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

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

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

- The Company being able to successfully complete the Mining License Application process and begin construction of the Fuwan Silver Project and Changkeng Gold Project
- The approval of the Company's revised EIA by Chinese authorities.
- The continued availability of equity and debt financing to fund the completion of the Fuwan Silver Project and Changkeng mine and other exploration and development activities.
- The Company uses of proceeds from the Company's previous public offering as intended
- The continued ability of the Company to attract and retain key management personnel.
- The ability of the Company to evaluate precious metals project outside China for potential acquisition.
- The ability of the Company to renew the exploration permits, mining area permit before their expiry.
- The ability of the Company to pursue an alternative strategy in finding a large mining group in China as a business partner.
- The Company is able to withdraw money from China when needed (e.g. to finance acquisition of new mineral properties at areas other than China).

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

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