

Minco Silver Corporation

(A development stage enterprise)

Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2015 and 2014

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

NOTICE TO READER

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

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

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

Dr. Ken Cai
President and CEO

Samson Siu, CPA, CA
Interim Chief Financial Officer

Vancouver, Canada

May 12, 2015

Index

	Page
Condensed Consolidated Interim Financial Statements	4 - 8
<hr/>	
Condensed Consolidated Interim Statements of Financial Position	4
Condensed Consolidated Interim Statements of Operations and Net Income (Loss)	5
Condensed Consolidated Interim Statements of Comprehensive Income	6
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity	7
Condensed Consolidated Interim Statements of Cash Flows	8
Notes to the Condensed Consolidated Interim Financial Statements	9 - 18
<hr/>	
1 General information	9
2 Basis of preparation	9
3 Cash and cash equivalents	10
4 Short-term investments	10
5 Mineral interests	11
6 Investments	12
7 Share capital	13
8 Related party transactions	16
9 Geographical information	18
10 Fair value measurements	18

Minco Silver Corporation

(A development stage enterprise)

Condensed Consolidated Interim Statements of Financial Position

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

	March 31, 2015	December 31, 2014
Assets	\$	\$
Current assets		
Cash and cash equivalents (note 3)	6,417,836	11,938,544
Short-term investments (note 4)	43,601,831	33,560,374
Receivables	700,760	370,903
Due from related parties (note 8)	3,590,756	3,603,847
Prepaid expenses and deposits	284,669	181,991
Investments (note 6)	13,358,789	10,865,140
	<u>67,954,641</u>	<u>60,520,799</u>
Mineral interests (note 5)	35,017,186	31,621,827
Property, plant and equipment	433,290	422,012
	<u>103,405,117</u>	<u>92,564,638</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	136,496	419,592
	<u>136,496</u>	<u>419,592</u>
Shareholders' equity		
Share capital (note 7)	106,630,256	106,630,256
Contributed surplus	22,698,479	22,615,759
Accumulated other comprehensive income	13,697,178	4,194,260
Deficit	(39,757,292)	(41,295,229)
	<u>103,268,621</u>	<u>92,145,046</u>
Total liabilities and equity	<u>103,405,117</u>	<u>92,564,638</u>

Approved by the Board of Directors:

(signed) Chan-Seng Lee Director

(signed) George Lian Director

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

Minco Silver Corporation

(A development stage enterprise)

Condensed Consolidated Interim Statements of Operations and Net Income (Loss)

For the three months ended March 31, 2015 and 2014

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

	2015	2014
	\$	\$
Administrative expenses		
Audit, legal and regulatory	50,750	56,865
Amortization	26,536	48,885
Consulting	36,753	11,430
Directors' fees	30,500	45,500
Field office expenses	163,162	167,874
Foreign exchange gain	(1,293,396)	(531,492)
Investor relations	6,810	11,604
Office administration expenses	45,292	64,131
Property investigation	31,331	26,975
Rent	95,275	105,746
Salaries and benefits	81,029	96,484
Share-based compensation (note 7(b))	27,217	313,312
Travel and transportation	4,116	24,074
	<u>(694,625)</u>	<u>441,388</u>
Operating income (loss)	694,625	(441,388)
Finance and other income (expenses)		
Gain on disposal of investment (note 6)	604,558	-
Interest income	250,560	242,433
Other expenses (note 8(a))	(262,644)	(53,894)
Net income (loss) before tax for the period	<u>1,287,099</u>	<u>(252,849)</u>
Deferred income tax recovery	<u>250,838</u>	<u>-</u>
Net income (loss) for the period	<u>1,537,937</u>	<u>(252,849)</u>
Income (loss) per share – basic and diluted	0.03	(0.00)
Weighted average number of common shares outstanding – basic and diluted	<u>59,631,418</u>	<u>59,505,418</u>

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

Minco Silver Corporation

(A development stage enterprise)

Condensed Consolidated Interim Statements of Comprehensive Income

For the three months ended March 31, 2015 and 2014

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

	2015	2014
	\$	\$
Net income (loss) for the period	1,537,937	(252,849)
Other comprehensive income (loss)		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Unrealized gain on investment, net of tax (note 6)	5,307,416	-
Realized gain reclassified to net loss on partial disposal of investment (note 6)	(604,558)	-
Exchange differences on translation from functional to presentation currency	4,800,060	1,034,552
Other comprehensive income for the period	<u>9,502,918</u>	<u>1,034,552</u>
Comprehensive income for the period	<u>11,040,855</u>	<u>781,703</u>

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

Minco Silver Corporation

(A development stage enterprise)

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2015 and 2014

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

	Changes in Shareholders' Equity					
	Number of Shares	Share capital \$	Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Total \$
Balance - January 1, 2014	59,328,085	106,140,836	21,950,949	3,723,746	(39,629,713)	92,185,818
Net loss for the period	-	-	-	-	(252,849)	(252,849)
Other comprehensive income	-	-	-	1,034,552	-	1,034,552
Share-based compensation	-	-	451,388	-	-	451,388
Issuance of shares for restricted share units	280,000	459,200	(459,200)	-	-	-
Balance – March 31, 2014	59,608,085	106,600,036	21,943,137	4,758,298	(39,882,562)	93,418,909
Balance - January 1, 2015	59,631,418	106,630,256	22,615,759	4,194,260	(41,295,229)	92,145,046
Net income for the period	-	-	-	-	1,537,937	1,537,937
Other comprehensive income	-	-	-	9,502,918	-	9,502,918
Share-based compensation	-	-	82,720	-	-	82,720
Balance – March 31, 2015	59,631,418	106,630,256	22,698,479	13,697,178	(39,757,292)	103,268,621

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

Minco Silver Corporation

(A development stage enterprise)

Condensed Consolidated Interim Statements of Cash Flows

For the three months ended March 31, 2015 and 2014

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

	2015	2014
	\$	\$
Operating activities		
Net income (loss) for the period	1,537,937	(252,849)
Adjustments for:		
Amortization	26,536	48,885
Foreign exchange gain	(1,293,760)	(530,480)
Share-based compensation (note 7(b))	27,217	313,312
Gain on partial disposal of investment	(604,558)	-
Deferred income tax recovery	(250,838)	-
Changes in items of working capital:		
Receivables	(295,996)	(272,427)
Prepaid expenses and deposits	(89,023)	(566)
Accounts payable and accrued liabilities	(293,547)	(309,422)
Due to related parties (note 8)	9,904	247,256
Net cash used in operating activities	<u>(1,226,128)</u>	<u>(756,291)</u>
Investing activities		
Development costs	(288,819)	(387,606)
Advances to related parties	-	(100,000)
Proceeds from disposal of investments (note 6)	3,064,606	-
Property, plant and equipment	-	(3,493)
Purchase of short-term investments	(8,684,571)	(920,119)
Redemption of short-term investments	800,000	1,000,000
Net cash used in investing activities	<u>(5,108,784)</u>	<u>(411,218)</u>
Effect of exchange rates on cash	<u>814,204</u>	<u>550,826</u>
Decrease in cash and cash equivalents	(5,520,708)	(616,683)
Cash and cash equivalents - Beginning of year	<u>11,938,544</u>	<u>23,580,514</u>
Cash and cash equivalents - End of year	<u>6,417,836</u>	<u>22,963,831</u>

Minco Silver Corporation

(A development stage enterprise)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2015 and 2014

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

1. General information

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

As at March 31, 2015, Minco Gold Corporation (“Minco Gold”) owned a 18.45% (December 31, 2014 – 18.45%) equity interest in Minco Silver.

2. Basis of preparation

These condensed consolidated interim financial statements include the accounts of Minco Silver Corporation and its wholly owned subsidiaries, Minco Silver Ltd., Minco Yinyuan Co. (“Minco Yinyuan”) and Minco Investment Holdings HK Ltd (“Minco HK”). In addition, these condensed consolidated interim financial statements include the accounts of Foshan Minco Fuwan Mining Co. Ltd. (“Foshan Minco”). Foshan Minco is legally owned by Minco Mining (China) Corporation (“Minco China”), an indirect subsidiary of Minco Gold, and held in trust for Minco Silver. As a result of this structure, Minco Silver must advance funds through Minco Gold, Minco Resources Limited (“Minco Resources”) and Minco China in order to fund the activities of Foshan Minco. Foshan Minco is subject to a 10% net profit interest held by Guangdong Geological Bureau (“GGB”). The Company, indirectly through Foshan Minco owns 90% of Zhongjia Jinggu Limited (“Zhongjia”).

Information about subsidiaries:

Name	Principal activities (ownership interest)	Country of Incorporation
Minco Silver Ltd.	Holding company (100%)	British Virgin Island
Minco Yinyuan	Treasury company (100%)	China
Minco HK	Holding company (100%)	China
Foshan Minco	Exploring, evaluating and developing mineral properties (90%)	China
Zhongjia	Service company (90%)	China

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

Minco Silver Corporation

(A development stage enterprise)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2015 and 2014

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

2. Basis of preparation (continued)

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB applicable to the preparation of interim financial statements, including IAS 34, *Interim Financial Reporting*. These condensed consolidated interim financial statements should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2014, which were prepared in accordance with IFRS as issued by the IASB.

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those applied in the preparation of the consolidated annual financial statements for the year ended December 31, 2014.

These condensed consolidated interim financial statements were approved by the board of directors for issue on May 12, 2015.

3. Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and guaranteed investment certificates with initial maturities of less than three months.

	As at March 31, 2015	As at December 31, 2014
	\$	\$
Cash	4,978,234	10,127,337
Term deposits	1,439,602	1,811,207
	<u>6,417,836</u>	<u>11,938,544</u>

As at March 31, 2014, cash and cash equivalent of \$2,074,339 (RMB 10,021,962) (December 31, 2014 - \$2,451,024 (RMB 12,972,292)) remained in China. Under Chinese law, cash advanced to the Company’s Chinese subsidiaries as registered share capital is maintained in the subsidiaries’ registered capital bank account. Remittance of these funds back to Canada may require approvals by the relevant government authorities or designated banks in China or both. As at March 31, 2015, \$8,958 (December 31, 2014 - \$6,984,988) of the Company’s cash was held by Minco China in trust for the Company (note 8(a)).

4. Short-term investments

As at March 31, 2015, short-term investments consist of cashable guaranteed investment certificates with one year to maturity. The yields on these investments were between 1.68% and 3.30%. As at March 31, 2015, short-term investments of \$22,857,264 (RMB 110,432,586) (December 31, 2014 - \$13,822,164 (RMB 73,155,186)) remained in China and Minco China held short-term investments of \$6,766,104 in trust for the Company (note 8(a)).

As at December 31, 2014, short-term investments consist of cashable guaranteed investment certificates with one year to maturity. The yields on these investments were between 1.68% and 3.30%.

Minco Silver Corporation

(A development stage enterprise)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2015 and 2014

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

5. Mineral interests

(a) Fuwan Silver Deposit

Minco Silver, indirectly through Minco HK, has a 90% beneficial interest in Foshan Minco, the operating company and permit holder for the Fuwan project, subject to a 10% net profit interest held by GGB. There will be no distributions to or participation by GGB, until such time as Minco Silver's investment in the project is recovered. GGB is not required to fund any expenditures related to the Fuwan project. The Exploration Permit for the Fuwan project is the Luoke-Jilinggang exploration permit, which expires on July 20, 2015. The Mining Area Permit, which covers approximately 0.79 sq. km, defines the mining limits of the Fuwan Silver Deposit and restricts the use of this land to mining activities was renewed and approved by MOLAR in March 2014. The renewed Mining Area Permit expires on April 10, 2016.

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

The following is a summary of project development costs capitalized to mineral interests from January 1, 2015 to March 31, 2015.

	2015
	\$
Opening Balance – January 1, 2015	31,621,827
Consulting fees	108,953
Salaries and benefits	44,419
Share-based compensation	55,503
Mining design costs	5,367
Mining license application	64,650
Travel	19,065
Other development costs	46,365
Foreign exchange	3,051,037
Ending Balance – March 31, 2015	35,017,186

Minco Silver Corporation

(A development stage enterprise)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2015 and 2014

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

5. Mineral interests (continued)

(b) Fuwan Silver Belt

In 2005, the Company acquired three additional silver exploration permits on the Fuwan belt, referred to as the Guanhuatang Property, the Hecun Property and the Guyegang-Sanyatang Property. The Company has decided not to renew the Guanhuatang property permit, which expired on April 7, 2014. The Company has submitted the renewal application for the two remaining permits that were originally set to expire on April 7, 2014. The renewal applications are currently being processed by the Ministry of Land and Resources. These permits are held by Minco China in trust for the Company.

During the three months ended March 31, 2015, the Company did not conduct any regional exploration activities on the Fuwan Silver Belt, except for maintaining the exploration permits.

(c) Changkeng Silver Mineralization

Minco Gold has assigned its right to earn a 51% interest in the Changkeng Silver Mineralization to the Company. Minco Gold is responsible for all the costs related to the gold mineralization on the Changkeng Property; the Company is responsible for the costs related to the silver mineralization. The Changkeng exploration permit expires on September 10, 2015.

During the three months ended March 31, 2015, the Company did not conduct any exploration activities at the Changkeng project, except for maintaining the exploration permit.

6. Investments

Available for sale investments, as of and for the three months ended March 31, 2015:

	Fair value December 31, 2014	Net additions (disposals) March 31, 2015	Fair value adjustment March 31, 2015	Fair value March 31, 2015
	\$	\$	\$	\$
Common shares in Gold Road Resources Limited	10,865,140	(3,064,606)	5,558,255	13,358,789
Total	10,865,140	(3,064,606)	5,558,255	13,358,789

During the year ended December 31, 2014, the Company acquired 47,719,423 common shares in Gold Road Resources Limited, a publicly listed resource company traded on the ASX at a cost of \$13,889,316.

During the three months ended March 31, 2015, the Company disposed of 8,451,967 common shares of Gold Road Resources Limited for net proceeds of \$3,064,606. As a result, the Company recorded a gain on disposal of investment of \$604,558 during the three months ended March 31, 2015.

Minco Silver Corporation

(A development stage enterprise)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2015 and 2014

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

7. Share capital

(a) Common Shares

Authorized: Unlimited number of common shares without par value.

(b) Long-term Incentive Plan

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

Stock Options

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

During the three months ended March 31, 2015, the Company did not grant any stock options

The Company recorded \$39,809 of the option component of share-based compensation for the three months ended March 31, 2015 (2014 - \$380,208). Share-based compensation expense of \$24,980 (2014 - \$303,575) was recorded in the statement of operations and net income (loss) and share-based compensation expense of \$14,829 (2014 - \$76,633) was capitalized to mineral interests.

A summary of the options outstanding is as follows:

	Number outstanding	Weighted average exercise price \$
Balance, January 1, 2014	6,705,836	2.92
Granted	1,425,000	0.80
Exercised	(23,333)	0.80
Expired	(375,000)	1.21
Forfeited	(1,254,668)	2.83
Balance, December 31, 2014	6,477,835	2.58
Expired	(37,500)	2.00
Forfeited	(509,666)	2.70
Balance, March 31, 2015	5,930,669	2.56

Minco Silver Corporation

(A development stage enterprise)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2015 and 2014

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

7. Share capital (continued)

As at March 31, 2015, there was \$34,538 (2014 - \$75,211) of total unrecognized compensation cost relating to unvested options.

Options outstanding				Options exercisable	
Range of exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price
\$			\$		\$
0.80 – 2.00	2,657,333	3.27	1.28	2,277,324	1.36
2.01 – 2.35	1,688,336	1.95	2.35	1,688,336	2.35
2.36 – 3.65	280,000	0.30	3.27	280,000	3.27
3.66 – 6.45	1,305,000	0.88	5.31	1,305,000	5.31
	<u>5,930,669</u>	<u>2.23</u>	<u>2.56</u>	<u>5,550,660</u>	<u>2.69</u>

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

	2015	2014
Risk-free interest rate	-	1.31%-1.69%
Dividend yield	-	0%
Volatility	-	71%-76%
Forfeiture rate	-	26%
Estimated expected lives	-	5 years

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

Minco Silver Corporation

(A development stage enterprise)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2015 and 2014

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

7. Share capital (continued)

Restricted Share Units, Performance Share Units

A summary of the RSUs outstanding is as follows:

	Number outstanding	Weighted average fair value \$
Balance, January 1, 2014	280,000	1.64
Exercised	<u>(280,000)</u>	<u>1.64</u>
Balance, December 31, 2014 and March 31, 2015	<u>-</u>	<u>-</u>

During the three months ended March 31, 2015, the Company recorded \$Nil (2014 - \$39,000) of share-based compensation for RSUs. Share-based compensation of \$Nil (2014 - \$3,900) was recorded in the statement of operations and net income (loss) and share-based compensation expense of \$Nil (2014 - \$35,100) was capitalized to mineral properties.

A summary of the PSUs outstanding is as follows:

	Number outstanding	Weighted average fair value \$
Balance, January 1, 2014	940,000	0.80
Forfeited	<u>(55,000)</u>	<u>0.80</u>
Balance, December 31, 2014	885,000	0.80
Forfeited	<u>(25,000)</u>	<u>0.80</u>
Balance, March 31, 2015	<u>860,000</u>	<u>0.80</u>

Minco Silver Corporation

(A development stage enterprise)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2015 and 2014

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

7. Share capital (continued)

During the year ended December 31, 2013, the Company granted 940,000 performance share units to employees of the Company whereby 50% vests upon the Company receiving the final approval from Guangdong Provincial Government for the EIA report for the Fuwan Silver Project and the remaining 50% vests upon the completion of the Company's obtaining the mining license issued by MOLAR in respect to the Fuwan Silver Project. The weighted average grant date fair value of the PSU's was \$0.80 per unit. In valuing the PSUs, the Company used a forfeiture rate of 26% and an expected life of 3 years.

During the three months ended March 31, 2015, the Company recorded \$42,911 (2014 - \$32,180) of share-based compensation for PSUs. Share-based compensation of \$2,237 (2014 - \$5,837) was recorded in the statement of operations and net loss and share-based compensation expense of \$40,674 (2014 - \$26,343) was capitalized to mineral properties.

8. Related party transactions

(a) Funding of Foshan Minco

The Company cannot invest directly in Foshan Minco as Foshan Minco is legally owned by Minco China. All funding supplied by the Company for exploration of the Fuwan Project must first go through Minco China via Minco Gold and Minco Resources to comply with Chinese law. In the normal course of business the Company uses trust agreements when providing cash, denominated in US dollars, to Minco China via Minco Gold and Minco Resources for the purpose of increasing the registered capital of Foshan Minco. Minco China is a registered entity in China and is classified as being a wholly foreign-owned entity and therefore can receive foreign investment. Foshan Minco is a Chinese company with registered capital denominated in RMB and therefore can only receive domestic investment from Minco China. Increases to the registered capital of Foshan Minco must be denominated in RMB.

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

Minco China is required to exchange the US dollars into RMB, before the money can be used to increase the registered capital of Foshan Minco. The exchange of US dollars into RMB requires approval from the State Administration of Foreign Exchange ("SAFE"). In order to obtain SAFE approval to effect the foreign currency exchange, Minco China, on behalf of Minco Silver has engaged a third party consultant to enter into purchase and sales transaction to exchange US dollars into RMB. During the three months ended March 31, 2015, Minco China paid and accrued consultancy fees totaling RMB 1,304,709 (\$263,258) (2014 - RMB 276,500 (\$49,777)) due to a third party, who assisted in the completion of currency exchange of the US funds into RMB.

As at March 31, 2015, Minco China held US\$5,352,188(\$6,766,104) (December 31, 2014 - US\$11,352,188 (\$13,201,460)) and RMB 42,639 (\$8,958) (December 31, 2014 - RMB 39,513 (\$7,466)) in trust for the Company.

Minco Silver Corporation

(A development stage enterprise)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2015 and 2014

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

8. Related party transactions (continued)

(b) Shared expenses

Minco Silver and Minco Gold share offices and certain administrative expenses in Beijing and Vancouver.

Amounts due from related parties as at March 31, 2015 were \$3,590,756 (December 31, 2014 – \$3,603,847) and consisted of the following:

Amount due to Minco China as at March 31, 2015 of \$45,612 (December 31, 2014 – \$35,102) representing expenditures incurred by Minco China on behalf of Foshan Minco.

Amount due from Minco Gold as at March 31, 2015 of \$3,636,368 (December 31, 2014 – \$3,638,949) representing funds advanced from Minco Silver to Minco Gold to support its operating activities in Canada, net of shared head office expenses.

The amounts due are unsecured, non-interest bearing and payable on demand. Minco Gold is a junior exploration company, consequently its ability to repay the loan is subject to the entity's ability to raise funds. The liquidity position of Minco Gold may result in uncertainty as to the timing of repayment.

During the three months ended March 31, 2015, the Company paid or accrued \$25,908 (March 31, 2014 – \$37,904) in respect of rent and \$254,993 (March 31, 2014 – \$202,499) in respect of shared head office expenses and administration costs to Minco Gold.

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

(c) Key management compensation

During the three months ended March 31, 2015 and 2014, the following compensation was paid 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 March 31,	
	2015	2014
	\$	\$
Cash remuneration	195,974	210,315
Share-based compensation	54,419	297,811
	<u>250,393</u>	<u>508,126</u>

Minco Silver Corporation

(A development stage enterprise)

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2015 and 2014

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

9. Geographical information

The Company's business of exploration and development of mineral interest is considered as operating in one segment. The geographical division of the Company's non-current assets is as follows:

Non-current assets by geography

	March 31, 2015		
	Canada	China	Total
	\$	\$	\$
Non-current assets	15,229	35,435,247	35,450,476

	December 31, 2014		
	Canada	China	Total
	\$	\$	\$
Non-current assets	20,022	32,023,817	32,043,839

10. Fair value measurements

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

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

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

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

The company's available for sale investments are measured at fair value based on quoted market price. Accordingly, this item is included in Level 1 of the fair value hierarchy.

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

Due from related party amounts are unsecured, non-interest bearing and payable on demand. Minco Gold is a junior exploration company. Minco Gold's ability to repay the advance is subject to the entity's ability to raise funds. This could cause uncertainty as to the timing of repayments.