

Minco Silver Corporation

Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2017 and 2016

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

NOTICE TO READER

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

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

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

Dr. Ken Cai
President and CEO

Larry Tsang, CPA, CA
Chief Financial Officer

Vancouver, Canada

May 12, 2017

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Minco Silver Corporation

Condensed Consolidated Interim Statements of Financial Position

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

	March 31, 2017	December 31, 2016
Assets	\$	\$
Current assets		
Cash and cash equivalents (note 3)	17,587,798	20,195,199
Short-term investments (note 4)	32,575,372	31,410,880
Investments (note 7)	268,830	-
Receivables	728,987	541,293
Due from related parties (note 9)	336,249	163,167
Prepaid expenses and deposits	168,397	202,213
	<u>51,665,633</u>	<u>52,512,752</u>
Mineral interests (note 5)	59,509,835	59,141,579
Property, plant and equipment	<u>269,581</u>	<u>295,612</u>
	<u>111,445,049</u>	<u>111,949,943</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	181,345	424,635
Due to related parties (note 9)	348,291	205,145
	<u>529,636</u>	<u>629,780</u>
Equity		
Equity attributable to owners of the parent		
Share capital (note 8)	107,411,567	107,216,932
Contributed surplus	23,025,801	22,682,099
Accumulated other comprehensive income	6,715,280	6,795,087
Deficit	(37,515,534)	(36,692,296)
	<u>99,637,114</u>	<u>100,001,822</u>
Non-controlling interest (note 6)	<u>11,278,299</u>	<u>11,318,341</u>
Total equity	<u>110,915,413</u>	<u>111,320,163</u>
Total liabilities and equity	<u>11,445,049</u>	<u>111,949,943</u>

Approved by the Board of Directors:

(signed) Maria Tang Director

(signed) George Lian Director

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

Minco Silver Corporation

Condensed Consolidated Interim Statements of Operations and Net Loss For the three months ended March 31, 2017 and 2016

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

Three months ended March 31,	2017	2016
	\$	\$
Administrative expenses		
Audit, legal and regulatory	40,586	60,633
Amortization	18,997	24,481
Consulting	19,746	17,246
Directors' fees	25,250	27,500
Field office expenses	96,408	158,462
Investor relations	10,767	61,818
Office administration expenses	36,631	88,101
Rent	79,239	134,533
Salaries and benefits	138,390	129,170
Share-based compensation (note 8(b))	282,923	73,166
Travel and transportation	16,524	14,244
	<u>765,461</u>	<u>789,354</u>
Operating loss	(765,461)	(789,354)
Finance and other income (expenses)		
Foreign exchange loss	(209,684)	(1,555,432)
Unrealized loss on investment	(692)	-
Interest income	124,735	176,727
Other expenses	(78)	-
	<u>(851,180)</u>	<u>(2,168,059)</u>
Net loss for the period		
	<u>(851,180)</u>	<u>(2,168,059)</u>
Net loss attributable to:		
Shareholders of the Company	(823,238)	(2,112,902)
Non-controlling interest	(27,942)	(55,157)
	<u>(851,180)</u>	<u>(2,168,059)</u>
Loss per share – basic and diluted	(0.01)	(0.04)
Weighted average number of common shares outstanding – basic and diluted	60,423,988	59,631,414

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

Minco Silver Corporation

Condensed Consolidated Interim Statements of Comprehensive Loss

For the three months ended March 31, 2017 and 2016

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

Three months ended March, 31	2017	2016
	\$	\$
Net loss for the period	(851,180)	(2,168,059)
Other comprehensive loss		
Exchange differences on translation from functional to presentation currency	(91,907)	(5,782,198)
Comprehensive loss for the period	(943,087)	(7,950,257)
Comprehensive loss attributable to:		
Shareholders of the Company	(903,045)	(7,120,405)
Non-controlling interest	(40,042)	(829,852)
	(943,087)	(7,950,257)

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

Minco Silver Corporation

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

For the three months ended March 31, 2017 and 2016

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

	Changes in Shareholders' Equity							
	Number of Shares	Share capital \$	Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Subtotal \$	Non-controlling interest	Total equity
Balance - January 1, 2016	59,631,418	106,630,256	22,977,633	14,813,721	(34,468,043)	109,953,567	12,760,905	122,714,472
Net loss for the period	-	-	-	-	(2,112,902)	(2,112,902)	(55,157)	(2,168,059)
Other comprehensive loss	-	-	-	(5,007,503)	-	(5,007,503)	(774,695)	(5,782,198)
Share-based compensation	-	-	195,988	-	-	195,988	-	195,988
Proceeds on issuance of shares from exercise of options	44,998	30,371	(11,471)	-	-	18,900	-	18,900
Balance – March 31, 2016	59,676,416	106,660,627	23,162,150	9,806,218	(36,580,945)	103,048,050	11,931,053	114,979,103
Balance - January 1, 2017	60,246,413	107,216,932	22,682,099	6,795,087	(36,692,296)	100,001,822	11,318,341	111,320,163
Net loss for the period	-	-	-	-	(823,238)	(823,238)	(27,942)	(851,180)
Other comprehensive loss	-	-	-	(79,807)	-	(79,807)	(12,100)	(91,907)
Share-based compensation	-	-	417,337	-	-	417,337	-	417,337
Proceeds on issuance of shares from exercise of options	269,999	194,635	(73,635)	-	-	121,000	-	121,000
Balance – March 31, 2017	60,516,412	107,411,567	23,025,801	6,715,280	(37,515,534)	99,637,114	11,278,299	110,915,413

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

Minco Silver Corporation
Condensed Consolidated Interim Statements of Cash Flows
For the three months ended March 31, 2017 and 2016

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

Three months ended March 31,	2017	2016
	\$	\$
Operating activities		
Net loss for the period	(851,180)	(2,168,059)
Adjustments for:		
Amortization	18,997	24,481
Foreign exchange loss	209,684	1,555,432
Share-based compensation (note 8(b))	282,923	73,166
Unrealized loss on investment	692	-
Changes in items of working capital:		
Receivables	(186,694)	(150,471)
Prepaid expenses and deposits	33,488	13,014
Accounts payable and accrued liabilities	(242,906)	(269,872)
Due to related parties (note 9)	(29,680)	(371,276)
Net cash used in operating activities	<u>(764,676)</u>	<u>(1,293,681)</u>
Financing activities		
Proceeds from stock option exercises	121,000	18,900
Net cash generated from financing activities	<u>121,000</u>	<u>18,900</u>
Investing activities		
Development costs	(289,934)	(444,362)
Property, plant and equipment	6,589	(2,654)
Purchase of investments	(269,521)	-
Purchase of short-term investments	(6,665,087)	(7,502,266)
Redemption of short-term investments	5,462,484	1,047,101
Net cash used in investing activities	<u>(1,755,469)</u>	<u>(6,902,181)</u>
Effect of exchange rates on cash and cash equivalents	<u>(208,256)</u>	<u>(1,291,336)</u>
Decrease in cash and cash equivalents	(2,607,401)	(9,468,298)
Cash and cash equivalents - Beginning of period	<u>20,195,199</u>	<u>26,202,564</u>
Cash and cash equivalents - End of period	<u>17,587,798</u>	<u>16,734,266</u>

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

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2017 and 2016

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

1. General information

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

2. Basis of preparation

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

Information about subsidiaries as at March 31, 2017 is as follows:

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

Subsidiaries are all entities (including structured entities) over which the 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.

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, 2016, which were prepared in accordance with IFRS as issued by the IASB.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2017 and 2016

(Expressed in Canadian dollars, unless otherwise stated)

2. Basis of preparation (continued)

The accounting policies applied in these condensed consolidated interim financial statements are consistent with those applied in the preparation of the consolidated annual financial statements for the recent year ended December 31, 2016. Certain comparative financial information for the three months ended March 31, 2016 has been reclassified to conform to the presentation in the current period.

These condensed consolidated interim financial statements were approved by the board of directors for issue on May 12, 2017.

3. Cash and cash equivalents

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

	March 31, 2017	December 31, 2016
	\$	\$
Cash	2,906,788	2,206,082
Term deposits	14,681,010	17,989,117
	<u>17,587,798</u>	<u>20,195,199</u>

As at March 31, 2017, cash and cash equivalents of \$4,561,973 (December 31, 2016 - \$4,995,478) are kept in China. Remittance of cash back to Canada requires approvals by the relevant government authorities or designated banks in China or both.

4. Short-term investments

As at March 31, 2017, short-term investments consisted of term deposits with original maturities from six months to one year. The yields on these investments were between 1.43% and 2.15%. As at March 31, 2017, short-term investments of 25,910,285 (December 31, 2016 - \$25,975,769) were kept in China.

5. Mineral interests

	\$
Fuwan Silver Deposit (a)	35,549,459
Changkeng Project (c)	23,960,376
Total mineral interests	<u>59,509,835</u>

(a) Fuwan Silver Deposit

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

Minco Silver Corporation

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2017 and 2016

(Expressed in Canadian dollars, unless otherwise stated)

5. Mineral interests (continued)

(a) Fuwan Silver Deposit (continued)

Following is a summary of the capitalized development expenditures of the Fuwan Silver Project from January 1, 2017 to March 31, 2017.

	\$
Opening Balance – January 1, 2017	35,287,777
Consulting fees	34,431
Salaries and benefits	57,081
Share-based compensation (note 8)	67,207
Environment impact assessment	1,386
Mining license application	39,367
Travel	9,427
Other	83,788
Effect of change in the exchange rate with RMB	(31,005)
Ending Balance – March 31, 2017	<u>35,549,459</u>

(b) Fuwan Silver Belt

As at March 31, 2017, the Company had two active exploration permits on the Fuwan Silver Belt: the Hecun Property and the Guyegang-Sanyatang Property. The Guyegang-Sanyatang permit expires on March 17, 2017 (renewal submitted) and the Hecun permit expires on August 12, 2018.

During the three months ended March 31, 2017, the Company did not conduct any regional exploration activities on the Fuwan Silver Belt, except for maintaining the exploration permits.

(c) Changkeng Project

The Changkeng Project immediately adjoins the Fuwan Silver Deposit and the underlying exploration permit expires on September 10, 2017.

The following is a summary of project development costs capitalized to mineral interest from January 1, 2017 to March 31, 2017:

	\$
Opening Balance – January 1, 2017	23,853,802
Mining license application	39,367
Share-based compensation (note 8)	67,207
Salaries and benefits	28,621
Other development costs	301
Effect of change in the exchange rate with RMB	(28,922)
Ending Balance – March 31, 2017	<u>23,960,376</u>

Minco Silver Corporation

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2017 and 2016

(Expressed in Canadian dollars, unless otherwise stated)

6. Non-controlling interest

Below is a summary of the financial information of Mingzhong, the entity that holds the non-controlling interest of the Company.

Summarized statement for financial position

	March 31, 2017	December 31, 2016
	\$	\$
NCI percentage	49%	49%
Current assets	146,324	272,119
Current liabilities	(68,886)	(109,658)
	<u>77,438</u>	<u>162,461</u>
Non-current asset	<u>23,880,021</u>	<u>23,368,426</u>
Net assets	<u>23,957,459</u>	<u>23,530,888</u>
Accumulated non-controlling interests	<u>11,278,299</u>	<u>11,318,341</u>

Summarized income statement

	Three months ended March 31, 2017	Three months ended March 31, 2016
	\$	\$
Net loss	<u>55,696</u>	<u>117,447</u>
Loss allocated to NCI (49%)	<u>27,942</u>	<u>55,157</u>

Summarized cash flows

	Three months ended March 31, 2017	Three months ended March 31, 2016
	\$	\$
Cash out flows from operating activities	65,866	152,855
Cash out flows from investing activities	<u>28,921</u>	<u>53,652</u>

Minco Silver Corporation

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2017 and 2016

(Expressed in Canadian dollars, unless otherwise stated)

7. Investments

During the three months ended March 31, 2017, the Company has acquired a portfolio of common shares of public companies from open market. This investments are designated as fair-value-through- profit-or-loss (FVTPL) financial assets. These investments are value at their fair value at inception and at each subsequent reporting period. The Change in fair value is charged to the Company's statement of operations.

Details of the Company's investment portfolio as at March 31, 2017 are as follows:

Cost	Fair value adjustment	Fair value
\$	\$	\$
269,521	(691)	268,830

8. Share capital

(a) Common Shares

Authorized: Unlimited number of common shares without par value.

(b) Long-term Incentive Plan

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

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

During the three months ended March 31, 2017 The Company used the Black-Scholes option pricing model to determine the fair value of the options with the following assumptions: risk free interest rate of 1.01 % to 1.16%; expected dividend yield of 0%; expected annual volatility of 77% to 79%, expected forfeiture rate of 26%; and estimated option life of 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

Notes to the Consolidated Financial Statements

For the three months ended March 31, 2017 and 2016

(Expressed in Canadian dollars, unless otherwise stated)

8. Share capital (continued)

Stock Options (continued)

A continuity of the options outstanding is as follows:

	Number outstanding	Weighted average exercise price \$
Balance, January 1, 2016	6,485,667	2.16
Exercised	(614,995)	0.59
Expired	(1,305,000)	5.31
Forfeited	(285,000)	2.08
Balance, December 31, 2016	4,280,672	1.43
Granted	4,000,000	1.40
Expired	(1,390,000)	2.35
Exercised	(269,999)	0.45
Forfeited	(230,000)	1.63
Balance, March 31, 2017	6,390,673	1.25

The Company recorded \$395,874 of the option component of share-based compensation for the three months ended March 31, 2016 (2016 - \$112,785). Share-based compensation of \$276,913 (2016 - \$68,896) was recorded in the statement of operations and \$118,961 (2016 - \$43,889) was capitalized to the Fuwan Deposit and the Changkeng Project (note 5 (a)).

During three months ended March 31, 2017, the weighted average share price on the day options were exercised was \$1.38. As at March 31, 2017, there was \$2,313,185 (December 31, 2016 - \$15,864) of total unrecognized compensation cost relating to unvested options.

<u>Options outstanding</u>				<u>Options exercisable</u>		
Range of exercise prices	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price	Number exercisable	Weighted average exercise price	
\$			\$		\$	
0.42 – 0.79	861,673	3.47	0.42	861,673	0.42	
0.80 – 0.81	665,000	1.81	0.80	665,000	0.80	
0.82 – 1.42	4,000,000	4.89	1.40	-	1.40	
1.43 – 1.96	864,000	0.82	1.71	864,000	1.71	
	6,390,673	3.83	1.25	2,390,673	0.99	

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2017 and 2016

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

8. Share capital (continued)

Performance share units (“PSU”)

On February 20, 2017, the Company granted 1,000,000 PSUs to employees and consultants of the Company, whereby 50% of these PSU vest upon the receipt of the final approval for the Environmental Impact Assessment (EIA) report for the Fuwan Silver Project or Changkeng Gold Project or the Combination of both. The remaining 50% vests upon the receipt of the mining license issued by Ministry of Land and Resources (“MOLAR) for the Fuwan Silver Project, or Changkeng Gold Project, or the combination of both (collectively the “Performance Criteria”).

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

The fair value of the PSU’s was \$1.40 per unit at the grant date. In valuing the fair value of the PSUs, the Company used a forfeiture rate of 26% and an expected life of 3 years

A summary of the PSUs outstanding is as follows:

	Number outstanding	Fair value per unit \$
Balance, January 1, 2016	735,000	0.80
Forfeited	(735,000)	0.80
Balance, December 31, 2016	-	-
Granted	1,000,000	1.40
Balance, March 31, 2017	1,000,000	1.40

During the three months ended March 31, 2017, the Company recorded \$21,463 (2016 - \$83,202) of share-based compensation to account for the vesting of PSUs. Share-based compensation of \$6,010 (2016 - \$4,270) was recorded in the statement of operations and \$15,453 (2016 - \$78,933) was capitalized to the Company’s Fuwan Deposit and Changkeng Project (note 5(a)).

9. Related party transactions

(a) Trust agreement with Minco Gold Corp. (“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 outstanding shares). As such, Minco Gold is considered related to the Company.

During fiscal 2015, Minco Gold sold all of its Chinese subsidiaries to the Company and ceased to have subsidiaries in China. As a result, Minco Gold entered into a trust agreement with Minco China, a subsidiary of Minco Silver, to hold the interest of certain remaining assets (the “Retained Assets”) in China on behalf of Minco Gold.

(b) Shared expenses

Minco Silver and Minco Base Metals Corporation (“MBM”), a company with which the Company’s CEO has significant influence over, share offices and certain administrative expenses in Vancouver and in Beijing.

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

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2017 and 2016

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

9. Related party transactions (continued)

(c) Due to and due from related parties

	March 31, 2017	December 31, 2016
	\$	\$
Due from Minco Base Metal (i)	336,249	163,167
Due to Minco Gold (ii)	348,291	205,145

(i) \$336,249 is comprised of the shared expenses and other expenditures to be reimbursed by Minco Base Metal. This balance owing has been fully repaid after the period ended March 31, 2017.

(ii) \$348,291 due to Minco Gold is a combined result of the following:

-A payable of \$679,045 which is the amount that Minco China held in trust and on behalf of Minco Gold arising from the partial settlement of the Retained Assets (note 9 (a)).

- A net receivable of \$330,754 from Minco Gold which was a combined result of the \$370,531 expenses Minco Silver paid on behalf of Minco Gold for the maintenance of the Retained Assets, net of the administrative and shared expense paid by Minco Gold on behalf of Minco Silver of \$39,777 during the three months ended March 31, 2017.

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

During the three months ended March 31, 2017, the Company paid or accrued \$27,146 (March 31, 2016 – \$22,457) in respect of rent and \$109,025 (March 31, 2016 – \$106,304) in respect of shared head office expenses and administration costs to Minco Gold.

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

(d) Key management compensation

During the three months ended March 31, 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 has been included administrative expenses and the Company's mineral interests (note 5).

	Three months ended March 31,	
	2017	2016
	\$	\$
Cash remuneration	162,042	176,702
Share-based compensation	305,716	120,384
	<u>467,758</u>	<u>297,086</u>

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2017 and 2016

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

10. 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 assets is as follows:

	Canada	China	Total
March 31, 2017:	\$	\$	\$
Current assets	20,364,484	31,301,149	51,665,633
Non-current assets	7,620	59,771,796	59,779,416
December 31, 2016:			
Current assets	20,946,132	31,566,620	52,512,752
Non-current assets	8,588	59,428,603	59,437,191

11. Financial instruments and fair value measurements

The following table shows the carrying values of the Company's financial assets and liabilities as at March 31, 2017 and December 31, 2016:

	March 31, 2017	December 31, 2016
Loans and receivables:	\$	\$
Cash and cash equivalents	17,587,798	20,195,199
Short-term investments	32,575,372	31,410,880
Receivables	728,987	541,293
Due from related parties	336,249	163,167
FVTPL(note 7):		
Investments	268,830	-
Other financial liabilities		
Due to related parties	348,291	205,145
Accounts payable and accrued liabilities	181,345	424,635

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.

Minco Silver Corporation

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2017 and 2016

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

11. Financial instruments and fair value measurements (continued)

The Company did not have financial assets measured at fair value through profit and loss on December 31, 2016.

On March 31, 2017, the Company had investments of \$268,830 that were measured at fair value (level 1) through profit and loss.