MINCO SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2014

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 May 12, 2014 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the three months ended March 31, 2014 and the audited consolidated financial statements and related notes for the year ended December 31, 2013. 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 for the year ended December 31, 2013 and the MD&A and Annual Information Form ("AIF") for the same period, which contain extensive disclosure of the history and properties of the Company, are available on 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 silver dominant mineral properties. The Company indirectly through its wholly owned subsidiary Minco Investment Holding HK Limited ("Minco HK") owns a 90% beneficial interest in the shares of Foshan Minco Mining Co. Ltd. ("Foshan Minco"), which holds title on the Fuwan Silver Deposit, situated along the northeast margin of the Fuwan Silver Belt in Guangdong Province, People's Republic of China ("China"). The Company's activities in respect of the Fuwan Silver Deposit are sometimes referred to as the "Fuwan Project" or the "Fuwan Silver Project."

Foshan Minco is legally owned by Minco Mining (China) Corporation ("Minco China"), a subsidiary of Minco Gold Corporation ("Minco Gold"), and held in trust for the Company.

Minco Silver Ltd., Minco Yinyuan Co., and Minco HK are the wholly owned subsidiaries of the Company. The Company, indirectly through Foshan Minco, owns 90% of Zhongjia Jinggu Limited ("Zhongjia").

As at March 31, 2014, the Company had 59,608,085 common shares, 940,000 performance share units. and 7,527,502 stock options for a total of 68,075,587 fully diluted common shares outstanding.

At the date of this MD&A, the Company has 59,608,085 common shares, 940,000 performance share units and 7,505,836 stock options, for a total of 68,053,921 fully diluted common shares outstanding. Minco Gold owns 18.45% of the outstanding shares of the Company.

Table of Contents

1. Exploration and Project Development Activities

1.1 Disclosure of Technical Information

Disclosure of technical information or scientific nature for the Fuwan Project has been disclosed in two Technical Reports, which are available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com or on the Company's website at www.mincosilver.com. They are as follows:

The 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, prepared by Eugene Puritch, P. Eng. Ontario, Tracy Armstrong, P. Geo Ontario, and Antoine Yassa, P.Geo. Québec, all of P&E Mining Consultants Inc. ("P&E"). This technical report includes relevant information regarding the data, data validation and the assumptions, parameters and methods of the mineral resource estimates on the Fuwan Project.

Minco Silver Corporation News Release dated May 12, 2008 entitled "Minco Silver Announces a 31% increase in the Indicated Resource on its Fuwan Silver Project".

The NI 43-101 compliant technical report entitled "Fuwan Silver Project Feasibility Study Technical Report" effective date September 1, 2009 (the "Feasibility Study") prepared by John Huang, P.Eng., S. Byron V. Stewart, P.Eng., Aleksandar Živković, P.Eng. and Scott Cowie, B.Eng, MAusIMM, all of Wardrop Engineering Inc. ("Wardrop"), and Eugene Puritch, P.Eng. of P&E and all 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 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.

1.2 Fuwan Silver Project

The Company's principal property is the Fuwan Silver Deposit located in Gaoming County approximately 45 km southwest of Guangzhou, the fourth largest city in China with 13 million people and the capital city of Guangdong Province. The Company's objective is to develop the Fuwan Silver Deposit and commence commercial mining operations on the property.

The Company, through Foshan Minco, has three reconnaissance survey exploration permits on the Fuwan Silver Deposit, 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 and Changkeng gold deposit in which Minco Gold owns a 51% interest. The exploration permit for the Fuwan main deposit area is the Luoke-Jilinggang (57.16 sq. km.). The Company successfully renewed the exploration permit of Luoke- Jilinggang in 2013 for a two-year period ending on July 20, 2015. Another two silver exploration permits on the Fuwan belt, referred to as Guyegang (55.88 sq. km.), and Hecun (12.7 sq. km.) are held by Minco China in trust for the Company. The Company has decided not to renew a third permit, the Guanhuatang property, which expired on April 4, 2014, due to its proximity to new town developments and water reservoirs. Minco China is in the process of renewing the two remaining permits with the Ministry of Land and Resources.

1.2.1 Current Developments on the Fuwan Silver Project

The Company continues its focus on the EIA report and the permitting process in order to apply for a mining license for the Fuwan Silver Project.

During 2013, the Company made great efforts to regain the support of local communities and had productive communication with Zhaoqian District government and Gaoyao County government for development of the Fuwan Silver Project before the submission of the revised EIA report to Guangdong EPA department. Due to the fact that the last public opinion survey was carried out in 2008, the Company conducted a new survey among local communities concerning the development of the Fuwan Silver Project and obtained very strong support from the locals. On May 26, 2013, Gaoyao County government issued an official approval of the development of the Fuwan Silver Project to the Company.

Several large mining groups in China expressed an interest in the Fuwan Silver Project in late 2012. During 2013, the Company hosted site visits, data reviews, and preliminary discussions with those groups; however no definitive agreements have been concluded as at the date of this MD&A. The Company's strategy is to secure a large Chinese mining group as a business partner to develop the Fuwan Silver Project.

In 2010 the Company engaged Guangdong Nuclear Design Institute ("GNDI") to complete the Chinese Regulatory EIA report. The EIA report was reviewed and approved by a technical panel appointed by the Department of Environmental Protection Administration of Guangdong Province in principle on March 7, 2010 with certain comments. The Company submitted the revised report to the Department in December 2010 after addressing the comments received from the panel.

The Company engaged General Station for Geo-Environmental Monitoring of Guangdong Province ("GSGEM") for a water monitoring study to comply with the new water regulations issued by the Ministry of Environmental Protection of China effective on June 1, 2011. GSGEM carried out the required monitoring study and prepared all reports required for compliance with the new National Water Guidelines. The Company successfully completed the field work in January 2012 and received the comprehensive water monitoring report from GSGEM in April 2012. The report concluded that the Company is in compliance with the requirements of the new National Water Guidelines.

Revision of the EIA report has been completed incorporating the results from the water monitoring survey report. The revised EIA will be submitted to the Guangdong Environment Protection Administration ("EPA") as soon as they are accepting new EIA reports. The delay in approval of the EIA report for the Fuwan Silver Project is due to the negative impact caused by the collapse of the tailing dam of an operating mine in Guangdong Province four years ago. The preliminary mine design was completed in 2013 by China Nerin Engineering Co. Ltd ("NERIN") and will be released after the requirements from the approved EIA report are met.

The following summarizes significant progress made in Permitting and Approval on the Fuwan Silver Deposit:

- The Chinese Preliminary Feasibility Study was completed by Changsha Non-Ferrous Mine Design Institute and approved by an expert panel.
- 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 approved by MOLAR. The renewed permit expires on April 10, 2016.
- The Soil and Water Conservation Plan was completed and approved.
- The Land Usage Permit was approved by Gaoming County, Foshan City and the Guangdong provincial governments. The current permit expires on December 31, 2014. The Company is currently in the process of renewing the land usage permit.
- The Geological Hazard Assessment was completed and approved in September 2009.
- The Mine Geological Environment Treatment Plan was reviewed and approved by the Environment Committee of China Geology Association.
- The preliminary Safety Assessment draft report was completed in December 2011 and submitted to the Safety Bureau of Guangdong Province for approval.

1.2.2 Feasibility Study, Resource Estimates, and Exploration Program

There have been no significant changes in the Feasibility Study, resource estimate and exploration program during the three months ended March 31, 2014 and as at the MD&A date compared to the year ended December 31, 2013.

A comprehensive discussion of the Feasibility Study, Resource Estimate and Exploration Program are included in the Company's AIF for the year ended December 31, 2013, dated March 28, 2014 and is available on SEDAR at www.sedar.com.

1.2.3 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 renewed Changkeng exploration permit expires on September 10, 2015.

During the three months ended March 31, 2014, the Company did not conduct any exploration activities at the Changkeng project.

2. Results of Operations

2.1 Long-term Incentive Plan

During the three months ended March 31, 2014, the Company granted stock options for 1,425,000 common shares to its directors, officers and employees at a weighted exercise price of $0.80 per share that vest over an 18-month period from the issuance date.

The Company granted 560,000 RSUs to the Company's CEO in 2013. RSU's are equity – settled and measured based on the value of the Company's share price at the date of grant and vest in tranches over a 12- month period from the date of grant. The first 280,000 RSUs vested on August 1, 2013, and the remaining 280,000 RSUs vested on February 1, 2014.

2.2 Development costs

During the three months ended March 31, 2014, the Company incurred $525,682, before a foreign exchange gain of $704,111, on development for the Fuwan Silver Project compared to $889,629, before a foreign exchange gain of $564,629, for the comparative period of 2013. The decrease in development costs during the three months ended March 31, 2014 was mainly due to the following:

- Share-based compensation for the three months ended March 31, 2014 was $138,076 compared to $442,329 for the comparative period of 2013. The decrease was mainly due to the reduced number of options granted and reduced value per stock option in 2014 compared to 2013. In addition, there were no RSUs granted in 2014.
- The foreign exchange gain for the three months ended March 31, 2014 were $704,111 compared to $564,629 for the comparative period of 2013. The increase was due to the significant appreciation of the RMB against the Canadian dollar in 2014.

Total accumulated development costs were $28,599,759 as at March 31, 2014 (December 31, 2013 - $27,369,966).

The following is a summary of development costs capitalized or incurred for the Fuwan Silver deposit for the three months ended March 31, 2014 and 2013.

	Three months ended March 31, 2014	2013	Cumulative to March 31, 2014
	$	$	$
Consulting fees	104,851	96,060	4,580,959
Drilling	-	-	1,859,018
Salaries and benefits	67,510	60,063	2,086,860
Feasibility study	-	-	1,880,527
Share-based compensation	138,076	442,329	6,768,748
Mining design costs	-	-	617,691
Mining license application	131,581	198,527	3,503,918
Environment impact assessment	12,872	11,391	979,182
Travel	7,431	41,435	466,651
Site office rent and related costs	63,361	39,824	1,944,029
Total before foreign exchange	525,682	889,629	24,687,583
Foreign exchange gain	704,111	564,629	3,912,176
	1,229,793	**1,454,258**	**28,599,759**

2.3 Administrative expenses

The Company's administrative expenses include overhead associated with administering and financing the Company's development activities. The Company maintains two field offices in Gaoming and Gaoyao Counties respectively, Guangdong province, an office in Beijing, China and an office in Vancouver, Canada.

The following table is a summary of the Company's administrative expenses for the three months ended March 31, 2014 and 2013.

Administrative expenses	Three months ended March 31, 2014	2013
	$	$
Audit, legal and regulatory	56,865	83,200
Amortization	48,885	41,850
Consulting	11,430	16,254
Directors' fees	45,500	26,750
Field office expenses	167,874	120,411
Investor relations	11,604	75,890
Office administration expenses	64,131	42,467
Property investigation	26,975	13,843
Rent	105,746	65,136
Salaries and benefit	96,484	83,223
Share-based compensation	313,312	746,990
Travel and transportation	24,074	10,448
Total before foreign exchange gain	972,880	1,326,462
Foreign exchange gain	(531,492)	(482,621)
Total administrative expenses	**441,388**	**843,841**

Administrative expenses for the three months ended March 31, 2014, exclusive of foreign exchange gains of $531,492, were $972,880 compared to $1,326,462 for the same period of 2013, exclusive of foreign exchange gains of $482,621.

Significant changes in expenses are as follows:

Audit, legal and regulatory:

Audit, legal and regulatory costs for the three months ended March 31, 2014 were $56,865 compared to $83,200 for the comparative period of 2013. The decrease was due to reduced audit fees.

Director fees:

Director fees for the three months ended March 31, 2014 were $45,500 compared to $26,750 for the comparative period of 2013. The increase was due to an increase in the number of board of directors' meetings during the first quarter of 2014.

Field office expense

Field office expense for the three months ended March 31, 2014 were $167,874 compared to $120,411 for the comparative period of 2013. The increase was mainly due to the establishment of a new field office (Zhongjia) in Gaoyao County. The new field office was established to build better relationships with the local communities.

Foreign exchange gains and losses:

The foreign exchange gain was $531,492 for the three months ended March 31, 2014 compared to a foreign exchange gain of $482,621 for the comparative period of 2013. The increase was due to both the RMB and US dollar appreciating against the Canadian dollar for funds held in trust during the first quarter of 2014.

Investor relations:

Investor relations expense for the three months ended March 31, 2014 were $11,604 compared to $75,890 for the comparative period. The decrease was mainly due to the Company reducing its use of consultants and also the resignation of the Company's Vice President of Corporate Communications in the latter half of 2013.

Rent

Rent expense for the three months ended March 31, 2014 was $105,746 which was compared to $65,136 for the comparative period of 2013. The increase was due to a significant increase in the Beijing office's rent in 2014. In addition, two new offices were rented respectively for Zhongjia in Gaoyao County and Minco HK.

Office administration expenses

Office administration expenses for the three months ended March 31, 2014 were $64,131 compared to $42,467 for the comparative period of 2013. The increase was mainly due to an increase in general administrative expenses and additional director and officer liability insurance costs.

Share-based compensation:

Share-based compensation for the three months ended March 31, 2014 were $313,312 compared to $746,990 for the comparative period of 2013. The decrease was mainly due to the reduced number of options and reduced value per stock option granted in 2014 compared to 2013.

3.5 Finance and other income (expenses)

To date the Company has not earned revenue from operations other than interest income earned on short-term investments.

Interest income

Interest income for the three months ended March 31, 2014 was $242,433 compared to $207,546 for the comparative period of 2013. The increase in interest income was mainly due to the Company investing more cash in the higher yield investment accounts.

Other expenses

During the three months ended March 31, 2014, Minco China incurred $53,894 ($Nil for the comparative period of 2013) to exchange the US funds into RMB as part of the requirement to increase the registered share capital of Foshan Minco.

3. Summary of Quarterly Results

		Net loss per share	
Period ended	**Net loss**	**Basic**	**Diluted**
	$	**$**	**$**
03-31-2014	(252,849)	(0.00)	(0.00)
12-31-2013	(155,766)	(0.00)	(0.00)
09-30-2013	(1,497,810)	(0.03)	(0.03)
06-30-2013	(697,162)	(0.01)	(0.01)
03-31-2013	(636,295)	(0.01)	(0.01)
12-31-2012	(475,882)	(0.01)	(0.01)
09-30-2012	(2,277,968)	(0.04)	(0.04)
06-30-2012	(289,273)	(0.00)	(0.00)

Variations in quarterly performance over the eight quarters were primarily due to changes in foreign exchange rates and share-based compensation. Appreciation or depreciation of the US dollar can result in significant foreign exchange gains and losses due to the US dollar funds held by the Company.

4. Liquidity and Capital Resources

4.1 Cash Flows

	Three months ended March 31,	
	2014	**2013**
	$	$
Operating activities	(756,291)	(456,780)
Financing activities	-	7,000
Investing activities	(411,218)	252,700

Operating activities

For the three months ended March 31, 2014, the Company used 756,291 of cash in operating activities compared to $456,780 of cash used in the comparative period of 2013. It was primarily due to cash used for day to day operations and settlements of accounts payable and accrued liabilities during the first quarter of 2014.

Financing activities

For the three months ended March 31, 2014, the Company received $Nil proceeds from financing activity compared to $7,000 proceeds received from the exercise of stock options in 2013.

Investing activities

For the three months ended March 31, 2014, the Company used cash of $411,218 compared to cash generated in 2013 of $252,700 in investing activities. This was primarily due to the purchase of short term investment of $920,119 during the first quarter of 2014 compared to $Nil in the comparative period of 2013.

4.2 Capital Resources

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

	March 31, 2014	December 31 2013
	$	$
Working capital	64,369,327	64,332,571
Cash and cash equivalents	22,963,831	23,580,514
Short-term investment	37,052,509	36,976,308

The Company's working capital has increased to $64,369,327 as at March 31, 2014 compared to $64,332,571 at the year end of 2013. The increase in working capital was primarily due to the appreciation of both the US dollar and RMB against the Canadian dollar offset by the day to day use of cash to support the Company's operations.

The Company does not generate revenues and relies on equity and debt financing for its working capital requirements to fund exploration, development, permitting and administrative activities. As at March 31, 2014, the Company has sufficient working capital available to meet its current operational and development obligations.

The Company cannot invest directly in Foshan Minco as Foshan Minco is legally owned by Minco China. Minco China is a wholly foreign owned entity ("WFOE") for the purposes of Chinese law and is a subsidiary of Minco Gold. All funding supplied by Minco Silver for financing of the Fuwan Project must first go through Minco China via Minco Gold to comply with Chinese Law. This approach will be applied when profits to be realized by Foshan Minco are repatriated to Minco Silver, they must first pass through Minco China, Minco Resources and Minco Gold. In the normal course of business the Company uses trust agreements when providing cash, denominated in US dollars, to Minco China via Minco Gold for the purpose of increasing the registered capital of Foshan Minco.

Minco China is a wholly owned subsidiary of Minco Resources. Minco China is a registered entity in China however it is classified as being a WFOE 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.

For the cash denominated in RMB that is maintained in China, the remittance of funds to jurisdictions outside China may be subject to government rules and regulations on foreign currency controls. Such remittance may require approval by the relevant government authorities or designated banks in China or both.

Under Chinese law, WFOEs are subject to restrictions on the repatriation of profits out of China. In order to repatriate profits from China to Minco Gold and ultimately, Minco Silver, the Company must comply with Chinese regulations pertaining to repatriations. In order to repatriate profits to Canada, 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.

4.3 Contractual Obligations

The Company`s contractual obligations are related to a cost sharing agreement between the Company, Minco Gold and MBM, related parties domiciled in Canada, and outlines shared expenses incurred by the three companies including consulting and rental expenses. The cost sharing agreement is renegotiated or amended by the parties annually.

The Company entered into multiple agreements with consultants in respect of the design of the Fuwan Silver mine. The Company has no other long-term debt at this time.

There were no significant changes in the Company's contractual obligations for the three months ended March 31, 2014 compared to the year ended 2013. Please refer to the details in the Company's 2013 MD&A dated March 28, 2014, available on SEDAR.

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 $45,220,000 on March 3, 2011. The Company intends to use the funds towards its ongoing efforts to complete the permitting process for the Fuwan Project and for general corporate purposes. In the event that the Company receives all permits and licenses required to construct and operate the mine on the Fuwan Project, a portion of the funds will be used to partially fund the pre-production capital costs of the mine. The total pre-production capital costs of the Fuwan Silver Project are estimated to be US$73,060,000 based on the Feasibility Study Technical Report published by the Company effective September 1, 2009. This report is available on the Company's website and on SEDAR.

There have been no significant changes in the planned use of proceeds for the three months ended March 31, 2014 compared to the Company's initial plan.

Use of the proceeds in funding the pre-production capital costs of the Fuwan Project will not occur until the permitting process is complete, allowing the Company to construct and operate the Fuwan Project mine.

5. Off-Balance Sheet Arrangements

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

6. Transactions with Related Parties

(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, 2014, Minco China paid and accrued consultancy fees totaling RMB 276,500 ($49,777) (2013 – $Nil) due to a third party, who assisted in the completion of currency exchange of the US funds into RMB.

As at March 31, 2014, Minco China held US$ 11,220,614 ($12,413,365) (2013 – US $12,526,138 ($13,399,210)) and RMB 138,200 ($24,791) (2013 – RMB 14,613,570 ($2,556,161)) in trust for the Company.

(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, 2014 were $3,568,728 (December 31, 2013 –$3,584,387) and consisted of the following:

Amount due to Minco China as at March 31, 2014 of $141,912 (December 31, 2013 – $15,847) representing expenditures incurred by Minco China on behalf of Foshan Minco.

Amount due from Minco Gold as at March 31, 2014 of $3,710,640 (December 31, 2013 – $3,600,234) 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, 2014, the Company paid or accrued $37,904 (March 31, 2013 – $38,357) in respect of rent and $202,499 (March 31, 2013 – $169,092) 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

In the three months ended March 31, 2014 and 2013, 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,	
	2014	**2013**
	$	$
Cash remuneration	210,315	174,146
Share-based compensation	297,811	841,015
	508,126	1,015,161

7. Critical Accounting Estimates and Judgments

The preparation of the Company's condensed consolidated interim 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

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 on the Company's mineral interest and has concluded that no impairment indicators existed as of March 31, 2014.

8. Adoption of New Accounting Standards

Effective January 1, 2014, the Company adopted the following standard.

IFRIC 21 - *Levies*

This standard was issued on May 20, 2013 and provided guidance on when to recognize a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and those where the timing and amount of the levy is certain. The adoption of this standard did not have an impact on the Company's condensed consolidated interim financial statements.

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, loans and receivables, and amortized cost for liabilities.

The following table shows the carrying values of assets and liabilities for each of these categories at March 31, 2014 and December 31, 2013.

	March 31, 2014	December 31, 2013
Loans and receivables	**$**	**$**
Cash and cash equivalents	22,963,831	23,580,514
Short-term investments	37,052,509	36,976,308
Receivables	569,822	291,778
Due from related parties	3,568,728	3,584,387
Other financial liabilities		
Accounts payable and accrued liabilities	219,081	523,984

Financial instruments that are not measured at fair value are represented by cash and cash equivalent, short-term investments, receivable, 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 parties amounts are unsecured, non-interest bearing and payable on demand. Minco Gold is a junior exploration company. Its ability to repay the loan is subject to the entity's ability to raise funds. This could cause uncertainty as to the timing of repayment.

Financial risk factors

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

Foreign exchange risk

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

The Company does not hedge its exposure to currency fluctuations. The Company has completed a sensitivity analysis to estimate the impact that a change in foreign exchange rates would have on the net loss of the Company, based on the Company's net US$12.5 million monetary assets as at March 31, 2014. This sensitivity analysis shows that a change of +/- 10% in US$ foreign exchange rate would have a -/+ US$1.3 million impact on net loss.

Interest rate risk

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

The Company has completed a sensitivity analysis to estimate the impact that a change in interest rates would have on the net loss of the Company. This sensitivity analysis shows that a change of +/- 100 basis points in interest rate would have a -/+ $0.6 million impact on net loss. This impact is primarily as a result of the Company holding short-term investments such as guaranteed investment certificates and as a result of the Company having cash invested in interest bearing accounts.

10. Risks Factor and Uncertainties

There have been no significant changes in the risk and uncertainties which the Company faces as at the MD&A date compared to the year ended December 31, 2013.

A comprehensive discussion of risk factors is included in the Company's AIF for the year ended December 31, 2013, dated March 28, 2014 available on SEDAR at www.sedar.com.

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

Management has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. Management has evaluated the effectiveness of the Company's disclosure controls and procedures as at March 31, 2014 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 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management has evaluated the effectiveness of design and operation of the Company's internal controls over financial reporting as at March 31, 2014. Based on the result of this assessment, management has concluded that the Company's internal controls over financial reporting are effective.

During the three months ended March 31, 2014, there have been no material changes in the Company's internal control over financial reporting.

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, 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 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), 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 mine.
- The approval of the Company's EIA by Chinese authorities.
- The continued availability of equity and debt financing to fund the completion of the Fuwan Silver Project mine and other exploration and development activities.
- Intended use of proceeds from the Company's previous public offering.
- The continued ability of the Company to attract and retain key management personnel.
- The ability of the Company to evaluate silver-dominant project outside China for potential acquisition.
- The ability of the Company to pursue an alternative strategy in finding a large mining group in China as a business partner.

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.