

MINCO SILVER CORPORATION

(A development stage enterprise)

Consolidated Financial Statements
(Expressed in Canadian dollars)

March 31, 2009

Index

Notice to Reader

Consolidated Balance Sheets

Consolidated Statements of Operations and Comprehensive Loss and Deficit

Consolidated Statements of Cash Flows

Notes to Consolidated Financial Statements



NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of 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 interim financial statements of Minco Silver Corporation have been prepared by, and are the responsibility of, the Company's management. The accompanying unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in Canada, consistent with previous periods.

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

MINCO SILVER CORPORATION

(A development stage enterprise)

Consolidated Balance Sheets

(Expressed in Canadian Dollars)

	March 31, 2009	December 31, 2008
ASSETS		
Current assets		
Cash	\$ 2,496,945	\$ 1,174,021
Short-term investments (Note 2)	1,034,690	3,706,506
Receivables	163,364	147,262
Prepaid expenses and deposits	331,322	370,969
Total current assets	4,026,321	5,398,758
Loan receivable (Note 3)	7,194,520	6,771,068
Mineral interests (Note 4)	6,217,458	5,294,098
Plant, property and equipment (Note 5)	260,438	265,561
Total assets	\$ 17,698,737	\$ 17,729,485

LIABILITIES

Current liabilities

Accounts payable and accrued liabilities	\$ 551,036	\$ 703,088
Due to Minco China (Note 7(a))	1,044,292	939,806
Due to Minco Gold (Note 7(c))	416,495	306,476
Total liabilities	2,011,823	1,949,370

Commitments and contingencies (Notes 4, 10 and 11)

SHAREHOLDERS' EQUITY

Share capital (Note 6 (a))	25,799,213	25,799,213
Contributed surplus (Note 6 (b))	6,927,106	6,692,188
Deficit	(17,039,405)	(16,711,286)
Total shareholders' equity	15,686,914	15,780,115
Total liabilities and shareholders' equity	\$ 17,698,737	\$ 17,729,485

See Subsequent Events Note 12

See accompanying notes to consolidated financial statements

On behalf of the Board:

"Chan-Seng Lee"
Chan-Seng Lee

Director

"William Meyer"
William Meyer

Director

MINCO SILVER CORPORATION

(A development stage enterprise)

Consolidated Statements of Operations and Comprehensive Loss and Deficit

(Expressed in Canadian Dollars)

	Three months ended March 31, 2009	Three months ended March 31, 2008
Exploration costs (Note 4)	207,710	802,405
Total exploration costs	207,710	802,405
Administrative expenses		
Accounting and audit	45,210	-
Amortization	8,316	10,957
Consulting	25,843	42,014
Director's fees (Note 7(d))	19,250	16,500
Foreign exchange gain	(152,046)	(256,976)
Investor relations	71,484	107,924
Legal, regulatory and filing	10,098	8,137
Rent	30,668	31,682
Travel and entertainment	4,438	8,040
Office administration expenses	16,230	10,758
Property investigation	-	22,457
Salaries and benefits	87,889	45,515
Stock based compensation (Note6 (d))	123,309	385,538
Field office expenses	18,798	23,412
	309,487	455,958
Operating loss	(517,197)	(1,258,363)
Interest and sundry income	189,078	127,258
Comprehensive (loss) for the period	(328,119)	(1,131,105)
Deficit, beginning of period	(16,711,286)	(14,416,148)
Deficit, end of period	\$ (17,039,405)	\$ (15,547,253)
loss per share - basic and diluted	\$ (0.01)	\$ (0.04)
Weighted average number of common shares outstanding		
basic and diluted	32,118,490	31,162,238

See accompanying notes to consolidated financial statements

MINCO SILVER CORPORATION

(A development stage enterprise)

Consolidated Statements of Cash Flow

(Expressed in Canadian Dollars)

	Three months ended March 31, 2009	Three months ended March 31, 2008
Cash flows from (used in) operating activities		
loss for the year	\$ (328,119)	\$ (1,131,115)
Adjustment for items not involving cash:		
- stock-based compensation (Note 6(d))	123,309	385,538
- amortization	8,316	10,957
- foreign exchange gain	(152,046)	(286,976)
Changes in non-cash working capital items:		
- (increase) in receivables	(16,102)	(141,893)
- decrease (increase) in prepaid expense and deposits	39,647	(18,707)
- (decrease) in accounts payable and accrued liabilities	(599,647)	(162,011)
	(924,663)	(1,344,207)
Cash flows from financing activities		
Proceeds from issuance of shares and warrants	-	126,659
Advances from to Minco Gold and Minco China (Note7)	214,505	156,773
	214,505	283,432
Cash flows from (used in) investing activities		
Development costs incurred	(364,136)	(1,110,105)
Acquisition of plant, property and equipment	(3,193)	(6,609)
Loan receivable (Note 3)	(289,452)	-
Decrease in short-term investments	2,671,816	1,095,082
	2,015,035	(21,632)
Effect of exchange rate changes on cash	18,046	286,976
Increase (decrease) in cash	1,322,923	(795,431)
Cash, beginning of period	1,174,021	2,647,546
Cash, end of period	\$ 2,496,944	\$ 1,852,115
Supplemental disclosure of cash flow information		
Interest paid in cash	\$ -	\$ -
Income taxes paid in cash	\$ -	\$ -

See accompanying notes to consolidated financial statements

MINCO SILVER CORPORATION

(A development stage enterprise)

Notes to Consolidated Financial Statements

March 31, 2009

(Expressed in Canadian Dollars)

1. Nature of Business and Going Concern

Minco Silver Corporation ("Minco Silver" or the "Company") was incorporated on August 20, 2004 under the laws of British Columbia, Canada. Its principal business activities include the acquisition, exploration and development of silver mineral properties.

At March 31, 2009, Minco Gold Corporation (formerly Minco Mining & Metals Corporation) ("Minco Gold") owned a 40.48% (2008 – 40.48%) equity interest in Minco Silver Corporation.

Minco Silver is exploring, evaluating and developing silver mineral properties and projects in the Peoples' Republic of China ("China") with the aim of bringing properties to production. The ability of the Company to meet its commitments as they become payable, the exploration and development of mineral properties and projects, and the underlying value of the mineral properties are entirely dependent upon the existence of economically recoverable reserves, the ability of the Company to arrange appropriate financing to complete the exploration and development of its properties, the receipt of necessary permits and upon achieving future profitable production or receiving proceeds from the disposition of the properties. The timing of such events occurring, if at all, is not yet determinable. The Company is considered to be a development stage enterprise as it has not yet generated any revenue from operations.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue to realize its assets and discharge its liabilities and commitments in the normal course of business. The Company does not generate revenues and has accumulated losses since inception and is unlikely to generate earnings in the immediate future. The continuation of the Company as a going concern is dependant upon the continued financial support from its shareholders, the ability of the Company to obtain necessary equity financing to achieve its operating and developing objectives, confirmation of the Company's interests in the underlying properties and the attainment of profitable operations. Management has concluded that the Company has sufficient cash and cash equivalents and short-term investments and no debt obligations (outside of normal course accounts payable and accrued liabilities) to continue to meet its operating and development obligations. Accordingly, these financial statements do not reflect the adjustments to the carrying value of assets and liabilities, or the impact on the statement of operations and balance sheet classifications that would be necessary were the going concern assumption not appropriate. Management can not provide assurances that such plans will occur.

MINCO SILVER CORPORATION

(A development stage enterprise)

Notes to Consolidated Financial Statements

March 31, 2009

(Expressed in Canadian Dollars)

2. Short-term Investments

As at March 31, 2009, short-term investments consist of cashable guaranteed investment certificates (\$1.0 million). The yields on these investments were 1.10% to 4.55%.

As at December 31, 2008, short-term investments consist of cashable guaranteed investment certificates (\$3.5 million) and corporate notes (\$0.2 million). The yields on these investments were 1.50% to 4.55%.

3. Loan Receivable (also see Note 12 Subsequent Events)

On July 22, 2008 the Company announced that Minco Silver executed a letter of intent with Sterling Mining Company ("Sterling") to acquire 100% of the issued and outstanding common shares of Sterling, at a ratio of 0.51 of a Minco Silver share for each one of Sterling's shares, based upon Minco Silver's July 21, 2008 closing price. The offer valued Sterling at US \$62.3 million.

The Company also extended a line of credit in the amount of US\$15.0 million ("the facility") to be advanced from time to time to meet general working capital and other operating expenses to carry on Sterling's business, of which US\$5.0 million was advanced on July 30, 2008; bearing 10% simple interest plus fees and expenses. It is a term of the facility that any and all subsequent advances be conditional upon the successful completion of an extended due diligence review of Sterling's operations and the execution of a definitive agreement.

The letter of intent also provided for a break fee in the amount of US\$2.75 million payable to Minco Silver under certain conditions. This break fee is listed as one of the unsecured creditors and is not recorded in these financial statements.

On August 27, 2008 the Company terminated the obligation to acquire 100% of the outstanding common shares of Sterling and the obligation to advance the additional US\$10.0 million under the line of credit, as provided in the facility.

To secure the US\$5.0 million advance (plus interest and fees); Minco Silver and Sterling executed the following:

- (a) a Promissory Note to secure and evidence the US\$5.0 million advance in which Sterling promises to pay to the order of the Company;
- (b) an All Assets Security Agreement and a Mortgage, Assignment of Leases and Rents Security Agreement and Fixture Filing in which Sterling agreed to provide a second charge security on all of the assets and properties of Sterling with the exception of the Sunshine Lease
- (c) an Assignment and Assumption Agreement in which Sterling assigns the Sunshine Mine under lease to the Company.

The US\$5.0 million advance is secured by a perfected secured interest in all of Sterling's, now or future personal and real property, including all mineral leases, rents and mortgages.

MINCO SILVER CORPORATION

(A development stage enterprise)

Notes to Consolidated Financial Statements

March 31, 2009

(Expressed in Canadian Dollars)

3. Loan Receivable (continued)

The Company's secured interest is seconded to a previous loan in the amount of US\$1.4 million, whereby another secured creditor has first priority over this amount. The Company also has a perfected secured interest in the lease of Sterling's main asset, the Sunshine Mine.

Sterling Loan		
	March 31, 2009	December 31, 2008
Principal Amount (US\$5.0 million)	\$ 5,119,000	\$ 5,119,000
Foreign exchange gain	1,129,000	995,000
Interest on principal amount	545,945	386,231
	6,793,945	6,500,231
Expenses	281,489	155,916
Interest on expenses	11,593	7,428
	293,082	163,344
Late payment penalty	107,493	107,493
Total	\$ 7,194,520	\$ 6,771,068

Since Minco Silver terminated its obligation to Sterling and prior to March 31, 2009, Sterling has:

1. Ceased mining operations;
2. Delisted from the Toronto Stock Exchange; and
3. Laid off its work force.

The Company believes that the estimated fair value of Sterling's assets in which it holds a security interest is significantly in excess of the carrying value of the loan as at March 31, 2009. However, the note is presented as a non-current asset as the timeframe for realization of the current interest is indeterminate.

On February 18, 2009 Minco Silver filed in the District Court of the First Judicial District of the State of Idaho, in and for the County of Shoshone an action commencing a foreclosure proceeding to foreclose on Sterling and appointing a receiver. On March 3, 2009 Minco Silver's foreclosure action was stayed in favor of Sterling's filing a voluntary petition under Chapter 11 bankruptcy code in the Bankruptcy Court for the District of Idaho.

MINCO SILVER CORPORATION

(A development stage enterprise)

Notes to Consolidated Financial Statements

March 31, 2009

(Expressed in Canadian Dollars)

4. Mineral Interests

Fuwan Silver Project, Guangdong, China

On August 20, 2004, Minco Gold transferred the following mineral interests to the Company:

- (a) A Joint Venture Agreement in relation to the exploration and development of the Fuwan silver deposit; and
- (b) The right to earn a 51% interest in the Changkeng Silver Mineralization.

New exploration permits acquired or to be acquired in respect of certain mineral properties adjoining the Fuwan and Changkeng properties and known as the Guanhuatang, Luoke-Jilinggang, Guyegang-Sanyatang and Dadinggang properties, respectively.

Minco Gold was the sole shareholder of the Company and the two companies had common management at the time of the transaction. As at the date of transfer, Minco Gold had expended \$63,331 in preliminary exploration costs. As a result of a series of transactions and agreements between September 2004 and the current year end, the Company is now responsible for all of the exploration and development expenditures on the property.

Fuwan Silver Deposit

On July 20, 2005, the Ministry of Land and Resources of China approved the transfer of the Fuwan Exploration Permit to Minco Mining (China) Corporation ("Minco China"), a wholly-owned subsidiary of Minco Gold. The total amount of the exploration permit had been fully paid

The exploration permits owned by the Company are held through Minco China for and on behalf of the Company. 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 prior agreements or transfers and title may be affected by undetected defects. In July 2008 the Company incorporated Foshan Minco as the operating company for the Fuwan project. In December 2008, the Fuwan exploration permit held by Minco China was transferred to Foshan Minco. Minco Silver currently has 100% controlling interest in Foshan Minco with the 10% profit-sharing interest in Foshan Minco being earned by GGEDC. There will be no distributions to or participation by GGEDC, until such time as Minco Silver's investment on the project is paid back. GGEDC is not required to fund any expenditures related to the Fuwan project.

Management has determined that the Fuwan Silver Deposit area met criteria for capitalization of development costs in the first quarter of 2008 and has been capitalizing development costs relating to the main Fuwan Silver Deposit since that time. The Company will continue to expense exploration costs associated with other exploration activities including regional drilling programs.

MINCO SILVER CORPORATION

(A development stage enterprise)

Notes to Consolidated Financial Statements

March 31, 2009

(Expressed in Canadian Dollars)

4. Mineral Interests

The following is a summary of development costs incurred and capitalized by the Company on the Fuwan project as of March 31, 2009.

Fuwan Silver Deposit	Three months ended March 31,2009	Year ended December 31,2008	Cumulative from 2008 to March 31,2009
Consulting fees	\$ 136,343	\$ 742,482	\$ 878,825
Drilling	441	1,738,039	1,738,480
Labour Cost	130,244	229,311	359,555
Feasibility Study	280,739	1,113,032	1,393,771
Stock based compensation	111,609	360,086	471,695
Other development costs	263,984	1,111,148	1,375,132
Total	\$ 923,360	\$ 5,294,098	\$ 6,217,458

Fuwan Silver Belt

On April 7, 2005, the Company acquired three additional silver exploration permits on the Fuwan belt, referred to as the Guanhuatang Property, the Luoke-Jilinggang Property and the Guyegang-Sanyatang Property; and paid \$267,427 (RMB1,500,000) for the three permits in September 2005.

The permit application for Dadinggang Property was approved by the Ministry of Lands and Resources of China in December 2006. The Dadinggang area, which covers the northeast extension of the Fuwan Silver Project, has been added to the Luoke-Jilinggang exploration permit.

During 2008, the regional exploration activities were focused on an area down strike from the Fuwan Silver main deposit, where the Company drilled 18 holes totaling 5,003 meters, to test the major drilling targets on the extension of the Fuwan Silver Trend which were generated on the basis of all historical data and results of the ground magnetic and IP surveys completed in the second quarter of 2008.

In the first quarter of 2009, the Company did not conduct any regional exploration activities.

Regional Exploration	Three months ended March 31,2009	Three months ended March 31,2008	Cumulative from August 20, 2004 (inception) to March 31, 2009
Consulting fees	\$ -	\$ 84,709	\$ 1,776,892
Drilling	-	627,146	7,705,558
Labour cost	-	40,196	684,904
Other exploration costs	-	50,354	2,223,612
Total	\$ -	\$ 802,405	\$ 12,390,996

MINCO SILVER CORPORATION

(A development stage enterprise)

Notes to Consolidated Financial Statements

March 31, 2009

(Expressed in Canadian Dollars)

4. Mineral Interests (continued)

Changkeng Silver Mineralization

Minco Gold has assigned its right to earn 51% interest on Changkeng Silver Mineralization to the Company. While Minco Gold is responsible for all the costs related to the Gold Mineralization on the Changkeng Property, Minco Silver is responsible for the costs related to the Changkeng Silver Mineralization. During the first quarter of 2009, the exploration cost of \$407,275 was incurred by Changkeng JV on the Changkeng Silver Mineralization. The Company recorded \$207,710, which is 51% of the costs, as the exploration costs and will reimburse it to Minco Gold.

5. Plant, Property and Equipment

	March 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 116,070	\$ 50,805	\$ 65,265
Leasehold improvements	47,892	13,738	34,154
Mining equipment	2,753	896	1,857
Motor vehicles	146,929	23,324	123,605
Office equipment and furniture	50,702	15,145	35,557
	<u>\$ 364,346</u>	<u>\$ 103,908</u>	<u>\$260,438</u>

	December 31, 2008		
	Cost	Accumulated Amortization	Net Book Value
Computer equipment	\$ 115,169	\$ 46,471	\$ 68,698
Leasehold improvements	45,618	12,409	33,209
Mining equipment	2,735	854	1,881
Motor vehicles	146,929	21,952	124,977
Office equipment and furniture	50,702	13,906	36,796
	<u>\$ 361,153</u>	<u>\$ 95,592</u>	<u>\$265,561</u>

MINCO SILVER CORPORATION

(A development stage enterprise)

Notes to Consolidated Financial Statements

March 31, 2009

(Expressed in Canadian Dollars)

6. Share Capital and Special Warrants

(a) Common Shares

Authorized: Unlimited number of common shares without par value.

Issued:

	Shares	Amount
Balance, December 31, 2007	31,137,132	21,804,253
Stock option exercised at \$1.25 - \$2.85 per share, including \$281,234 contributed surplus attributed to stock-based compensation recognized	240,001	666,267
Share purchase warrants exercised at \$3.45 per share, including \$771,011 contributed surplus attributed to stock-based compensation recognized	741,357	3,328,693
Balance, December 31, 2008	32,118,490	\$25,799,213
Balance, March 31, 2009	32,118,490	\$25,799,213

On November 17, 2006, the Company completed a public offering (the "Offering") of 5,000,000 units at a price of \$3.00 per unit for gross proceeds of \$15,000,000. Each unit consisted of one common share and one-half of one common share purchase warrant. Each warrant is exercisable at \$3.45 per share until May 17, 2008. The Offering was completed by way of a short form prospectus through a syndicate of underwriters (the "Underwriters").

On December 1, 2006, the Company completed an additional 528,200 common shares at a price of \$2.80 per common share and an additional 375,000 common share purchase warrants (the "Warrant") at a price of \$0.40 per Warrant for gross proceeds of \$1,628,960 pursuant to the exercise of an over-allotment option (the "Over-Allotment Option") by the Underwriters. Each Warrant is exercisable at \$3.45 per share until May 17, 2008.

On May 17, 2008, share purchase warrants were exercised for 741,357 common shares at the exercise price of \$3.45. The remaining 2,133,643 warrants expired on May 17, 2008.

MINCO SILVER CORPORATION

(A development stage enterprise)

Notes to Consolidated Financial Statements

March 31, 2009

(Expressed in Canadian Dollars)

6. Share Capital and Special Warrants (continued)

(b) Contributed Surplus

Summary of contributed surplus is as follows:

Balance at December 31, 2007	6,260,998
2008 stock-based compensation	1,483,435
Transfer to share capital on exercise of stock options	(281,234)
Transfer to share capital on exercise of share purchase warrants	(771,011)
Balance at December 31, 2008	6,692,188
2009 stock-based compensation	234,918
Balance at March 31, 2009	6,927,106

(c) Stock Options

The Company may grant options to its directors, officers, employees and consultants under its stock option plan. The maximum number of common shares reserved for issuance is 15% of the issued and outstanding shares. The Company expenses stock options over their vesting period, with stock options typically vesting in various increments and having a maximum term of five years.

During the first quarter of 2009, the Company granted 700,000 stock options to its employees and consultants at a price of \$1.05. The Company recorded \$123,309 of stock based compensation expense in this period and \$111,609 in stock based compensation was capitalized to mineral interests as the individuals entitled to the options were directly engaged in the development activities of the Fuwan Silver Deposit. Capitalization of costs related to development of the Fuwan Silver Deposit began in 2008.

A summary of the status of options granted by the Company is as follows:

	Number	Weighted Average Exercise Price
Options outstanding at December 31, 2007	3,905,668	1.77
Granted	1,132,500	1.91
Exercised	(240,001)	1.60
Cancelled	(648,333)	2.25
Options outstanding at December 31, 2008	4,149,834	1.74
Granted	700,000	1.05
Cancelled	(273,334)	1.98
Options outstanding at March 31, 2009	4,576,500	1.46

MINCO SILVER CORPORATION

(A development stage enterprise)
Notes to Consolidated Financial Statements
March 31, 2009
(Expressed in Canadian Dollars)

6. Share Capital and Special Warrants (continued)

The weighted average fair value of options granted during the year ended March 31, 2009 was \$1.46. Each option entitles the holders to purchase one common share.

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Remaining Contractual Life (yr)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
\$1.00- \$1.30	3,157,500	1.83	\$0.88	2,033,334	\$1.38
\$2.80 - \$4.00	1,319,000	3.28	\$2.65	411,339	\$2.73
\$4.00 - \$4.05	100,000	3.94	\$4.05	100,000	\$4.05
	4,576,500	2.71	\$1.46	2,544,673	\$1.70

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

	2009	2008
Risk-free interest rate	1.66% - 1.75%	1.96% - 3.46%
Dividend yield	0%	0%
Volatility	102% - 106%	68% - 102%
Approximate expected lives	5 years	5 years

Option pricing models require the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates and therefore, in management's opinion, existing models do not necessarily provide a reliable measure of the fair value of the Company's stock options.

7. Related Party Transactions

- (a) Due to Minco China at March 31, 2009 was \$1,044,292 (December 31, 2008 – \$939,806), used for expenditures on the Fuwan Property, and shared office expenses in Minco China. The amount due to Minco China, is unsecured, non-interest bearing and payable on demand.
- (b) Due to Minco Gold at March 31, 2009 was \$416,495 (December 31, 2008 - \$306,476). This balance represents the exploration costs on Changkeng Silver Mineralization and shared expenses for the Vancouver office and the sharing of salaries and administration costs. The amount due is unsecured, non-interest bearing and payable on demand.

MINCO SILVER CORPORATION

(A development stage enterprise)

Notes to Consolidated Financial Statements

March 31, 2009

(Expressed in Canadian Dollars)

7. Related Party Transactions (continued)

- (c) In the first quarter 2009, the Company paid consulting fees of \$155,808 (March 31, 2008 – \$28,125) to companies controlled by the CEO, COO, and Vice President, Exploration of the Company. These consulting fees are included in exploration costs, development costs, and management fees. The Company paid director's fees of \$19,250 to three independent directors (March 31, 2008 - \$16,500).
- (d) In the first quarter 2009, the Company paid or accrued \$22,912 (March 31, 2008 – \$19,501) in respect of rent, \$15,553 (March 31, 2008 – \$70,964) in respect of exploration costs, and \$156,770 (March 31, 2008 – \$170,852) in respect of shared office expenses and administration costs to Minco Gold.
- (e) The Company entered into a strategic alliance with Silver Standard. The agreement provides that all silver-dominant properties of the Minco Group located in China will be held by Minco Silver and that Silver Standard will not actively explore for or seek out silver-dominant properties located in China. In addition, both the Minco Group and Silver Standard have agreed to offer to the other a first right of refusal on any silver-dominant properties in China brought to their attention which they do not intend to pursue.

The above transactions are conducted in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

8. Geographical Information

The Company's business is considered as operating in one segment, mineral exploration and development. The geographical division of the Company's assets and liabilities and net loss is as follows:

	March 31, 2009	December 31, 2008
Current Assets		
Canada	\$ 3,179,993	\$ 4,044,325
China	846,328	1,354,433
	<u>\$ 4,026,321</u>	<u>\$ 5,398,758</u>
Long-term Assets		
Canada	\$ 8,968,108	\$ 8,273,155
China	4,704,308	4,057,572
	<u>\$ 13,672,416</u>	<u>\$ 12,330,727</u>
Current Liabilities		
Canada	\$ 932,605	\$ 654,369
China	1,079,218	1,295,001
	<u>\$ 2,011,823</u>	<u>\$ 1,949,370</u>

MINCO SILVER CORPORATION

(A development stage enterprise)

Notes to Consolidated Financial Statements

March 31, 2009

(Expressed in Canadian Dollars)

8. Geographical Information (continued)

	Three months ended March 31, 2009	Three months ended March 31, 2008
Net Income (loss)		
Canada	\$ (78,683)	\$ (624,062)
China	(249,434)	(1,766,464)
	<u>\$ (328,117)</u>	<u>\$ (2,390,526)</u>

9. Commitments

- (a) The Company has commitments in respect of office leases in China and Canada, requiring minimum payments of \$561,530, as follows:

2009	\$ 74,775
2010	99,069
2011	97,642
2012	96,074
2013	96,608
2014	96,608
	<u>\$ 561,530</u>

- (b) The Company has committed to the completion of a feasibility study for the Fuwan Silver Project. The total remaining cost for completing the feasibility study is \$0.20 million. The feasibility study is expected to be completed within the next six months. The Company has committed in respect of the mine design contract requiring payments of RMB 8 million (approximately \$1.4 million).

10. Financial Instruments

Fair value – The fair value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximates their carrying values due to the short-term nature of these financial instruments.

Exchange risk - The Company operates in China and many of its exploration expenditures are payable in either U.S. dollars or the Chinese currency (RMB) and are therefore subject to foreign currency risk arising from changes in exchange rates with the Canadian dollar.

Interest rate risk – Cash and cash equivalents entered into by the Company bear interest at a fixed rate thus exposing it to the risk of changes in fair value arising from interest rate fluctuations. The Company has no interest-bearing debt and therefore does not have significant exposure to interest rate risk.

MINCO SILVER CORPORATION

(A development stage enterprise)

Notes to Consolidated Financial Statements

March 31, 2009

(Expressed in Canadian Dollars)

10. Financial Instruments (continued)

Credit risk - The Company generally places its short-term investment funds into government and Canadian bank debt securities and is therefore subject to minimal credit risk with regard to short-term investments. There is no significant concentration of credit risk.

11. Contingencies

The Company's interest in the Changkeng Property relates to the assignment to it by Minco Gold of Minco Gold's right to earn up to a 51% interest in the Changkeng Property's silver mineralization pursuant to the Preliminary Changkeng Joint Venture ("JV") Agreement dated April 16, 2004, superseded by the formal joint venture agreement dated September 28, 2004. On February 28, 2007 Minco China signed a joint venture agreement with the JV partners to form Guangdong Mingzhong Mining Corporation ("Mingzhong"). Mingzhong received its business license on March 30, 2007 and received the exploration permit in February 2008. The Company's interest in the silver mineralization of the Changkeng Property is entirely dependent on: (i) the Changkeng JV (or Minco Gold directly) maintaining the Changkeng Permit; and (ii) Minco Gold acquiring and maintaining a 51% interest in the Changkeng JV (or in the Changkeng Property).

12. Subsequent Event

Subsequent to the quarter end, the Board of Directors of the Company and the Board of Directors, of Minco Gold decided that the Company will share 15.3% of the acquisition cost of Changkeng Exploration Permit related to Changkeng Silver Mineralization. Total acquisition cost for Changkeng Exploration Permit is RMB49 million (\$6.6million), therefore the Company's share of the cost, RMB 7.5 million, will be accrued.