MINCO SILVER CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2016

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, 2016 and should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the three months ended March 31, 2016 and the audited consolidated financial statements and related notes for the year ended December 31, 2015. 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, 2015 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 precious metals mineral properties and projects.

The Company indirectly through its wholly owned subsidiary Minco Investment Holding HK Limited ("Minco HK") owns a 90% beneficial interest in the shares of Changfu Minco Mining Co. Ltd. ("Changfu Minco"), formerly Foshan Minco Mining Co., Ltd. , subject to a 10% net profit interest held by the Guangdong Geological Bureau ("GGB") which owns the Fuwan Silver Project, situated along the northeast margin of the Fuwan Silver Belt in Guangdong Province, People's Republic of China ("China").

On July 31, 2015, the Company, through Minco HK, acquired Minco Resources Limited ("Minco Resources") and its subsidiaries, which owns a 51% interest in the Changekeng Gold Project ("Minco Gold Transaction"). The Changkeng Gold Project is located immediately adjacent to the Fuwan Silver Project.

As at December 31, 2015, and March 31, 2016 the Company had these Chinese subsidiaries: Minco Yinyuan Co. (Minco Yinyuan), Minco HK, Changfu Minco (90% ownership), Zhongjia Jinggu Limited (Zhongjia), Minco Mining (China) Corporation ("Minco China"), Yuanling Minco Mining Ltd. ("Yuanling Minco"), Tibet Mining Co. Ltd. ("Tibet Minco"), Huaihua Tiancheng Mining Ltd. ("Huaihua"), Minco Resources Limited ("Minco Resources), Guangdong Mingzhong Mining Co. Ltd. ("Mingzhong") (51% ownership), Beijing Minco International Resources Investment Services Ltd. ("International Resources").

As at March 31, 2016, the Company had 59,676,416 common shares, 735,000 performance share units, and 5,360,669 stock options for a total of 65,772,085 fully diluted common shares outstanding.

At the date of this MD&A, the Company has 59,819,748 common shares, 735,000 performance share units and 5,217,337 stock options, for a total of 65,772,085 fully diluted common shares outstanding. Minco Gold Corporation ("Minco Gold') owns 18.43% of the outstanding shares of the Company.

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1. Exploration and Project Development Activities

1.1 Disclosure of Technical Information

Disclosure of technical information or scientific nature for the Fuwan Silver 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 Silver Project.

Minco Silver Corporation issued a 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 Silver Project.

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

1.2 Fuwan Silver Project

The Fuwan Silver Project located in Gaoming County approximately 45 km southwest of Guangzhou, the fourth largest city in China with more than 13 million people and the capital city of Guangdong Province.

As of March 31, 2016, the Company, through Changfu Minco, has three reconnaissance survey exploration permits on the Fuwan Silver Project (Luoke-Jilinggang Permit, Hecun Permit, and the Guyegang-Sanyatang Property), having a total area of 125.74 sq. km, covering a major part of the northeast-trending Fuwan silver belt which hosts the known gold and silver occurrences in the Sanzhou basin, including the Fuwan Silver Project and the Changkeng Gold Projectin which the Company now owns a 51% interest.

All three permits are in good standing as at the date of this reporting.

1.2.1 Current Developments on the Fuwan Silver Project

During 2015, with the purchase of the interest in the Changkeng Gold Project that is adjacent to the Fuwan Silver Project. the Company plans to optimize the combined mining footprint of the Fuwan and Changkeng Gold Project with the objective of developing the Fuwan Silver/Changkeng Gold Project together and to commence commercial mining operations on these properties.

During the three months ended March 31, 2016, the Company continued its focus on the finalization of the environmental impact assessment ("EIA") report and the permitting process in order to apply for a mining license for the Fuwan Silver Project.

During 2014 and 2013, the Company made efforts to regain the support of local communities and had productive discussions with Zhaoqian District government and Gaoyao County government to develop the Fuwan Silver Project before the submission of the revised EIA report to Guangdong EPA department. In 2013, 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.

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 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 preliminary mine design was completed in 2013 by China Nerin Engineering Co. Ltd ("NERIN").

The following summarized significant progress made in Permitting and Approval on the Fuwan Silver Project:

- 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 Project and restricts the use of this land to mining activities was approved by MOLAR. The renewed permit expires on April 10, 2016. The Company will apply for the renewal of this permit.
- The Soil and Water Conservation Plan was completed and approved.
- 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

As the Company intends to combine and develop the Changkeng Gold Project and the Fuwan Silver Project as one project (the Fuwan-Changkeng Project"), A new feasibility study for the combined Fuwan-Changkeng Project has been prepared by CHALIECO, a Chinese design engineering institute based in Changsha, Hunan, China during 2015. This feasibility study ("Feasibility Study") has been prepared only for the Company's internal use and some of the information within may not be in compliance to the national instrument 43-101 standards.

The Company will take reference from the Feasibility Study in planning the next step of development of the Fuwan-Changkeng Project as sensitivity analysis conducted on metal prices, operating cost and capital cost undertaken as part of the Feasibility Study are within the conditions that currently exist.

A comprehensive discussion of the Resource Estimate and Exploration Program are included in the Company's AIF for the year ended December 31, 2015 that is available on SEDAR at www.sedar.com.

1.3 Changkeng Gold Project

The Company's Changkeng Gold Project was acquired from Minco Gold on July 31, 2015.

Technical Information respecting the Changkeng Gold Project is primarily derived from the NI 43-101 technical report prepared for Minco Gold entitled "Technical Report and Updated Resource Estimate on the Changkeng Gold Project Guangdong Province, China", dated effective February 21, 2009 and prepared by Tracy Armstrong, P. Geo Ontario, Eugene Puritch, P. Eng. Ontario and Antoine Yassa, P.Geo. Québec, all of P&E Mining Consultants Inc., and all qualified persons for the purposes of NI 43-101. This technical report includes relevant information regarding the data, data validation and the assumptions, parameters and methods of the mineral resource estimates on the Changkeng Gold Project.

1.3.1 Location

The Changkeng Gold Projects is immediately adjoined to the Fuwan Silver Project and situated close to well-established water, power and transportation infrastructure.

1.3.2 Ownership

Mingzhong, a cooperative joint-venture established among Minco China, Guangdong Geological Bureau, Guangdong Gold Corporation, and two private Chinese companies to jointly explore and develop the Changkeng Property, signed a purchase agreement in January 2008 to buy a 100% interest in the Changkeng Exploration Permit on the Changkeng Gold Project from 757 Exploration Team. The transfer of the Changkeng Exploration Permit from 757 Exploration Team to Mingzhong was approved by the MOLAR in 2009. The Changkeng Exploration Permit has been recently renewed to September 10, 2017.

1.3.3 Geology, Drilling Program and Resources Estimate

There have been no significant changes in the geology, drilling program and resource estimate during the three months ended March 31, 2016.

During the three months March 31, 2016, the Company did not conduct any exploration activities, except for maintaining the Changkeng exploration permit.

As discussed in the section for Fuwan Silver Project, the Company is reviewing the information provided by the Feasibility Study for the future exploration and development of the combined Fuwan-Changkeng Project.

2. Results of Operations

2.1 Exploration costs

As at March 31, 2016, the Company has the following accumulated cost incurred in connection with the Company's mineral interest:

	December 31, 2015	Addition-exploration	Effect of change in foreign exchange rate	March 31, 2016
	$	$	$	$
Fuwan Silver Project	37,565,101	508,009	(2,232,802)	35,840,308
Changkeng Gold Project	26,110,954	51,421	(1,537,106)	24,625,269
Total	63,676,055	559,430	(3,769,908)	60,465,577

The following is a summary of costs capitalized or incurred for the Fuwan Silver Project for the three months ended March 31, 2016 ("2016 Q1") and March 31, 2015.

	Three months ended March 31, 2016	2015	Cumulative to March 31, 2016
	$	$	$
Consulting fees	72,000	108,953	5,705,243
Drilling	-	-	1,859,018
Salaries and benefits	58,684	44,419	2,566,304
Feasibility study	-	-	1,991,340
Share-based compensation	122,822	55,503	7,353,964
Mining design costs	151,207	5,367	652,805
Mining license application	13,087	64,650	4,106,822
Environment impact assessment	-	-	1,351,248
Travel	5,487	19,065	594,172
Other development costs	84,722	46,365	2,571,699
Total before foreign exchange	508,009	344,322	28,752,615
Foreign exchange	(2,232,802)	3,051,037	7,087,693
	(1,724,793)	3,395,359	35,840,308

During 2016 Q1, the Company incurred $508,009 on exploration costs for the Fuwan Silver Project compared to $344,322 for the comparative period of 2015. The increase in exploration costs during the period was mainly due to the following:

- Share-based compensation incurred during 2016 Q1 was $122,822 compared to $55,503 for the comparative period of 2015. The increase was mainly due to the vesting of the stock options granted in the fourth quarter of 2015.
- Mining design cost increased in 2016 Q1 as the Company has been actively planning for the project.

The effect of the changes in foreign exchange rate of RMB against Canadian dollor on the carrying value of Fuwan Silver Project was a negative impact of $2,232,802 in 2016 Q1 compared to a positive impact of $3,051,037 for the comparative period of 2015. The negative change was due to an approximately 6% depreciation of the RMB against the Canadian dollar during 2016 Q1

Total accumulated exploration costs were $35,840,409 as at March 31, 2016 (December 31, 2015 - $37,565,101).

The Company acquired Changkeng Gold Project on July 31, 2015. Following is a summary of exploration costs capitalized or incurred for the Changkeng Gold Project for the three months ended March 31, 2016 .

	Three months ended March 31, 2016	Cumulative to March 31, 2016
	$	$
Acquisition cost	-	25,312,695
Consulting fees	18,102	18,102
Drilling	-	142,863
Feasibility study	-	112,202
Salaries and benefits	33,125	123,818
Site office rent and related costs	194	640
Total before foreign exchange	51,421	25,710,320
Effect of changes in Foreign exchange rate	(1,537,106)	(1,085,051)
	(1,485,685)	24,625,269

2.2 Administrative expenses

The Company's administrative expenses includes overhead associated with administering and financing the Company's exploration activities. The Company maintains a field office in Gaoming and Gaoyao Counties, 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, 2016 and 2015.

	Three months ended March 31,	
Administrative expenses (recovery)	**2016**	**2015**
	$	$
Audit, legal and regulatory	60,633	50,750
Amortization	24,481	26,536
Consulting	17,246	36,753
Directors' fees	27,500	30,500
Field office expenses	158,462	163,162
Investor relations	61,818	6,810
Office administration	88,101	45,292
Property investigation	-	31,331
Rent	134,533	95,275
Salaries and benefit	129,170	81,029
Share-based compensation	73,166	27,217
Travel and transportation	14,244	4,116
	789,354	598,771
Foreign exchange loss (gain)	1,555,432	(1,293,396)
Operating loss (income)	**2,344,786**	**(694,625)**

Administrative expenses for the three months ended March 31, 2016, excluding the effect of foreign exchange loss, were $789,354 compared to $598,771 for the comparative period of 2015.

Significant changes in expenses are as follows:

Foreign exchange gains and losses

The foreign exchange loss was $1,555,432 for the three months ended March 31, 2016 compared to a gain of $1,293,396 for the comparative period of 2015. The Company held cash in US dollar in order to meet expenditures in different areas. US dollar depreciated against Canadian dollar during 2016 Q1 comparing to an appreciation of US dollar in the same periodof the last year. As a result, foreign exchange loss increased.

Office administration expenses

Office administration expenses for the three months ended March 31, 2016 were $88,101 compared to $45,292 for the comparative period of 2015. The Company had more subsidiaries to operate after the acquisition of Changkeng Gold Project in the third quarter of last year. The office administration expense increase consequently.

Investor relations

Investor relations expenses for the three months ended March 31, 2016 were $61,818 compared to $6,810 for the comparative period of 2015. The increase was mainly due to the additional expenditures incurred to promote the Company's goodwill.

Property investigation

Property investigation expenses for the three months ended March 31, 2016 were $Nil compared to $31,331 for the comparative period of 2015. During 2016 Q1, the Company focus mainly in the exploration work relating to Changkeng Gold project and Fuwan Silver Project and did not conduct other property investigation.

Rent

Rent expense was $134,533 for 2016 Q1compared to $95,275 for the comparative period of 2015. The increase was due to having more operating subsidiaries in China as discussed in the above.

Salaries and benefits

Salaries and benefits for 2016 Q1were $129,170 compared to $81,029 for the comparative period of 2015. The increase was due to having more operating subsidiaries in China as discussed in the above.

Share-based compensation

Share-based compensation for 2016 Q1were $73,166 compared to $27,217 for the comparative period of 2015. The increase was mainly due to the vesting of options granted during the fourth quarter of 2015.

Travel and transportation

Travel and transportation expenses for 2016 Q1 were $14,244 compared to $4,116 for the comparative period of 2015. The increase was due to having more operating subsidiaries in China as discussed in the above.

2.3 Finance and other income (expenses)

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

Interest income

Interest income for the three months ended March 31, 2016 was $176,727 compared to $250,560 for the comparative period of 2015. During 2016 Q1, the interest rate offered by financial institutions were generally lower compared to the prior period.

Other income and expenses

During 2016 Q1, the Company incurred $Nil of other expense compared to $262,644 for the comparative period of 2015 to complete the exchange the US funds into RMB. The exchange of US dollars into RMB requires approval from the State Administration of Foreign Exchange ("SAFE"). In order to obtain SAFE approval to effect the foreign currency exchange, Minco China, on behalf of Minco Silver has engaged a third party consultant to enter into purchase and sales transaction to exchange US dollars into RMB.

During the three months ended March 31, 2015, the Company recorded a gain of $604,558 on disposal of 8.4 million shares of Gold Road Resources Limited. There was on similar transaction in 2016 Q1.

3. Summary of Quarterly Results

Period ended	Net income (loss) attributable to sharehoders of the Company	Net income (loss) per share	
		Basic	Diluted
	$	$	$
03-31-2016	(2,112,902)	(0.05)	(0.05)
12-31-2015	(162,465)	(0.00)	(0.00)
09-30-2015	1,793,178	0.03	0.03
06-30-2015	3,658,536	0.06	0.06
03-31-2015	1,537,937	0.03	0.03
12-31-2014	(255,428)	(0.01)	(0.01)
09-30-2014	(17,310)	(0.00)	(0.00)
06-30-2014	(1,139,929)	(0.02)	(0.02)

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.

Net income of $1.5 million for the period ended March 31, 2015 was mainly due to the Company recording a foreign exchange gain of $1.3 million and a one-time gain of $604,558 from the partial disposition of its investment in common shares of Gold Road Resources Limited.

Net income of $3.7 million for the period ended June 30, 2015 was mainly due to the Company recording a one-time gain of $4.2 million on the disposition of its investment in common shares of Gold Road Resources Limited.

Net income of $1.8 million for the period ended September 30, 2015 was mainly due to the Company recording a $1.56 million foreign exchange gain during the period.

Net loss of $2.1 million for the period ended March 31, 2016 was maily due to the Company recording a foreign exchange loss of $1.6 million during that period.

4. Liquidity and Capital Resources

4.1 Cash Flows

	Three months ended March 31,	
	2016	2015
	$	$
Operating activities	(1,293,681)	(1,226,128)
Financing activities	18,900	-
Investing activities	(6,902,181)	(5,108,784)

Operating activities

For the three months ended March 31, 2016, the Company used $1,293,681 of cash in operating activities compared to $1,226,128 in the comparative period of 2015. The change was not significant.

Financing activities

For the three months ended March 31, 2016, the Company received $18,900 of cash from financing activities from the exercise of stock options (March 31, 2015 - $Nil).

Investing activities

For the three months ended March 31, 2016, the Company used $6,902,181 of cash in investing activities, (2015 - $5,108,784). The Company used $7,502,226 for the purchase of short term investment (2015 - $8,684,571), which was partially offet from the receipt of $1,047,101 from the redemption of short-term investment, and the receipt of $Nil from the disposition of investment (2015- $3,064,606).

4.2 Capital Resources

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

	March 31, 2016	December 31 2015
	$	$
Working capital	54,124,280	58,603,418
Cash and cash equivalents	16,734,266	26,202,564
Short-term investment	36,376,631	32,143,068

The Company's working capital has decreased to $54,124,280 as at March 31, 2016 compared to $58,603,418 at the year end of 2015. The decrease in working capital was due primarily to the day-to-day use of cash to support the Company's operations, and the depreciation of the RMB and US dollar against the Canadian dollar. The Company does not generate revenues and relies on equity and debt financing to fund exploration, development, permitting and administrative activities. As at March 31, 2016, the Company believes there is sufficient working capital available to meet its current operational and development obligations.

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 wholly foreign owned entity ("WFOE") and therefore can receive foreign investment. Changfu Minco, the entity which owns the Fusan Silver Project, 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 Changfu 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 is subject to government rules and regulations on foreign currency controls. Such remittance requires approval by the relevant government authorities or designated banks in China or both.

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

4.3 Contractual Obligations

The Company`s contractual obligations are related to a cost sharing agreement between the Company, Minco Gold and Minco Base Metals Corporation ("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 permitting of the Fuwan Silver mine. The Company has no other long-term obligation at this time.

There were no significant changes to the Company's contractual obligations for the three months ended March 31, 2016 compared to the year ended 2015. Please refer to the details in the Company's 2015 MD&A dated March 30, 2016, 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 Silver 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 Silver 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.

During 2015, the Company purchased all the outstanding shares of Minco Resource for $13,786,024

The purchase consideration included net settlement of the advance from Minco Silver to Minco Gold in the amount of $3,700,000.

The planned use of proceeds from the public offering has not significantly changed .

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

5. Off-Balance Sheet Arrangements

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

6. Transactions with Related Parties

Funding of Changfu Minco

Up to July 31, 2015, the Company was not able to invest directly in Changfu Minco as Changfu Minco was legally owned by Minco Gold. All historical funding supplied by the Company for exploration of the Fuwan Project went through Minco China via Minco Gold and Minco Resources to comply with Chinese law. In the normal course of business the Company used 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 Changfu Minco.

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 Changfu Minco's registered capital. Minco China was to 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 theregistered capital of Changfu 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 previously engaged a third party consultant to enter into purchase and sales transaction to exchange US dollars into RMB.

Upon completion of the acquisition of the Changkeng Gold Project, the requirement for the trust structure was eliminated.

Shared expenses

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

Amounts due from Minco Gold as at March 31, 2016 were $214,638 (December 31, 2015 – $177,330), representing the shared office expenses.

Amounts due from Minco Base Metal as at March 31, 2016 were $324,559 (December 31, 2015 – $Nil), representing the shared office expenses and short-term advances from Minco Silver.

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

During the three months ended March 31, 2016, the Company reimbursed $22,457 (March 31, 2015 – $25,908) in respect of rent and $106,304 (March 31, 2015 – $254,993) in respect of shared head office expenses and administration costs to Minco Gold.

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

Key management compensation

During the three months ended March 31, 2016 and 2015, 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,	
	2016	**2015**
	$	$
Cash remuneration	176,702	195,974
Share-based compensation	120,384	54,419
	297,086	250,393

7. Critical Accounting Estimates and Judgments

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

Impairment

Mineral Interests

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

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

Management has assessed for impairment indicators on the Company's mineral interest to determine whether the mineral interest might be impaired. Management has concluded that despite negative sentiments in the precious metals sector which contributed to the Company's carrying amount of net assets exceeding its market capitalization, the Company plans to continue with its objective of developing its mineral resources projects.

8. Accounting Standards Issued but Not Yet Applied

IFRS 9 *Financial Instruments*

IFRS 9 is a c*omprehensive standard to replace IAS 39, Financial Instruments:* Recognition and Measurement. It includes requirements for classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting. An early adoption of this standard is permitted; however, the mandatory adoption date is for annual periods beginning on or after January 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

IFRS 16 *Leases and Related Interpretations*

IFRS 16 replaces the previous leases standard IAS 17, *Leases and Related Interpretations*, and sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer (lessee) and the supplier (lessor). Effective January 1, 2019, an entity can choose to apply IFRS 16, but only if it also applies IFRS 15, Revenue from Contracts with Customers. The Company will evaluate the impact of the change to the consolidated financial statements based on the characteristics of leases outstanding at the time of adoption.

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, available-for-sale and amortized cost for liabilities.

The following table shows the carrying values of assets and liabilities for each of these categories at March 31, 2016 and December 31, 2015.

	March 31, 2016	**December 31, 2015**
Loans and receivables	**$**	**$**
Cash and cash equivalents	16,734,266	26,202,564
Short-term investments	36,376,631	32,143,068
Receivables	640,521	517,359
Due from related parties	539,197	177,330
Other financial liabilities		
Accounts payable and accrued liabilities	350,304	638,550

Investments were measured at fair value based on quoted market price and are a level 1 fair value measurement. The Company makes strategic securities purchases from time to time for investment purposes depending on market conditions and any other relevant factors.

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.

Financial risk factors

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

Foreign exchange risk

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

The Company does not hedge its exposure to currency fluctuations. The Company has completed a sensitivity analysis to estimate the impact that a change in foreign exchange rates would have on the net loss of the Company, based on the Company's net US$22.3 million monetary assets as at March 31, 2016. This sensitivity analysis shows that a change of +/- 10% in US$ foreign exchange rate would have a -/+ US$2.2 million impact on the Company's net income (losses).

Interest rate risk

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

A change in interest rate would have an impact to the interest revenue earned by the Company as the Company holds short-term investments such as guaranteed investment certificates and other interest bearing instruments. A sensitivity analysis shows that a change of +/- 100 basis points in interest rate would have a -/+ $0.5 million impact on net income/losses.

10. Risks Factor and Uncertainties

A comprehensive discussion of risk factors is included in the Company's AIF for the year ended December 31, 2015, dated March 30, 2016 available on SEDAR at www.sedar.com. Management believes there is not material change of the risk factors since its recent year ended December 31, 2015.

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

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

Management has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. Management has evaluated the effectiveness of the Company's disclosure controls and procedures as at March 31, 2016 and has concluded, based on its evaluation, that these controls and procedures provide reasonable assurance that material information relating to the Company is made known to management and reported as required. Management is also responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The control framework used to design the Company's internal control over financial reporting is the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Management has evaluated the effectiveness of design and operation of the Company's internal controls over financial reporting as at March 31, 2016. Based on the result of this assessment, management has concluded that the Company's internal controls over financial reporting are effective.

There has been no material changes in the Company's internal control over financial reporting since its recent year ended December 31, 2015.

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 revised 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 precious metals 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.
- The Company is able to withdraw money from China when needed (e.g. to finance acquisition of new mineral properties at areas other than China).

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

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