

Submission Data File

General Information	
Form Type*	20-F
Contact Name	Regulatory Filing Department
Contact Phone	800-825-6133
Filer Accelerated Status*	Non-Accelerated Filer
Filer File Number	
Filer CIK*	0001020825 [MINCO GOLD CORP] (MINCO GOLD CORP)
Filer CCC*	*****
Filer is Shell Company*	N
Filer is Voluntary Filer*	N
Filer is Well Known Seasoned Issuer*	N
Confirming Copy	No
Notify via Website only	No
Return Copy	No
SROS*	NONE
Period*	12-31-2017
Emerging Growth Company	No
Elected not to use extended transition period	No
(End General Information)	

Document Information	
File Count*	11
Document Name 1*	tv491473_20f.htm
Document Type 1*	20-F
Document Description 1	20-F
Document Name 2*	tv491473_ex4-12.htm
Document Type 2*	EX-4.12
Document Description 2	Exhibit 4.12
Document Name 3*	tv491473_ex12-1.htm
Document Type 3*	EX-12.1
Document Description 3	Exhibit 12.1
Document Name 4*	tv491473_ex12-2.htm
Document Type 4*	EX-12.2
Document Description 4	Exhibit 12.2
Document Name 5*	tv491473_ex13-1.htm
Document Type 5*	EX-13.1
Document Description 5	Exhibit 13.1
Document Name 6*	tv491473_ex13-2.htm
Document Type 6*	EX-13.2
Document Description 6	Exhibit 13.2
Document Name 7*	tv491473_ex99-1.htm
Document Type 7*	EX-99.1
Document Description 7	Exhibit 99.1
(End Document Information)	

Notifications	
Notify via Website only	No
E-mail 1	sedar@newswire.ca
(End Notifications)	

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D. C. 20549

FORM 20F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report: Not Applicable

For the transition period from _____ to _____

Commission File Number **001-32670**

MINCO GOLD CORPORATION
(Exact name of registrant as specified in its charter)

BRITISH COLUMBIA, CANADA
(Jurisdiction of incorporation or organization)

Suite 2772, 1055 West Georgia Street, PO Box 11176, Vancouver, British Columbia, Canada, V6E 3R5
(Address of principal executive offices)

Jennifer Trevitt, Tel: (604) 688-8002 Ext. 107, Fax: (604) 688-8030, Suite 2772, 1055 West Georgia Street, PO Box 11176, Vancouver, British Columbia, Canada, V6E 3R5
(Name, Telephone, Facsimile number and/or E-mail, and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act: **None**

Securities registered or to be registered pursuant to Section 12(g) of the Act:

Common Shares Without Par Value
Title of each class

OTCQX, TSX Venture Exchange, Frankfurt Stock Exchange
Name of each exchange on which registered

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of December 31, 2017: 50,764,881 common shares.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined by Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Note – Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer:

Accelerated filer:

Non-accelerated filer:

Emerging growth company:

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards[†] provided pursuant to Section 13(a) of the Exchange Act.

[†] The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP

International Financial Reporting Standards as issued
By the International Accounting Standards Board

Other

If "other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow: Not Applicable.

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Not Applicable.

Yes No

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INTRODUCTION AND USE OF CERTAIN TERMS

Minco Gold Corporation was incorporated under the laws of the province of British Columbia, Canada. In this Annual Report, the terms "the Company", "we", "our", "its" and "us" refer to Minco Gold Corporation and its consolidated (former) subsidiaries up to the period ended July 31, 2015, when the former subsidiaries were divested. Where required, the term "Minco Gold" refers to Minco Gold Corporation as a standalone entity. The Company's consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"), and are presented in Canadian dollars ("C\$"). The Company files reports and other information with the Securities and Exchange Commission (the "SEC"), located at 100 F St. NE, Washington, D.C. 20549. Copies of the Company's filings with the SEC may be obtained by accessing the SEC's website located at www.sec.gov. Further, the Company also files reports under Canadian securities regulatory requirements on the System for Electronic Data Analysis and Retrieval ("SEDAR"). Copies of the Company's reports filed on SEDAR can be obtained by accessing SEDAR's website at www.sedar.com. The principal executive office of the Company is located at Suite 2772, 1055 West Georgia Street, PO Box 11176, Vancouver, British Columbia, Canada, V6E 3R5, Tel: 604-688-8002, Fax: 604-688-8030, email address pr@mincomining.ca, and its website is www.mincogold.com.

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking information and statements, including statements relating to matters that are not historical facts and statements of our beliefs, intentions and expectations about developments, results and events which will or may occur in the future, which constitute "forward-looking information" within the meaning of applicable Canadian securities legislation and "forward-looking statements" within the meaning of the "safe harbor" provisions of the *United States Private Securities Litigation Reform Act of 1995*, collectively referred to as "forward-looking statements". Forward-looking statements are typically identified by words such as "anticipate", "could", "should", "expect", "seek", "may", "intend", "likely", "will", "plan", "estimate", "believe" and similar expressions suggesting future outcomes or statements regarding an outlook.

Forward-looking statements are included throughout this document and include, but are not limited to, statements with respect to: the Company's future growth, results of operations, performance and business prospects, opportunities, the Company's investment strategy, investment process, and competitive advantage, growth expectation and opportunities, the availability of future acquisition opportunities and use of the proceeds from financing. These statements are, however, subject to known and unknown risks and uncertainties and other factors. As a result, our actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits will be derived therefrom. These risks, uncertainties and other factors include, among others: the Company's ability to identify and acquire investments to advance the Company's investment strategies and the ability of the Company to execute on its investment strategies and objectives. Our indirect interest in mineral properties, through our investments in companies which are in mineral exploration and development business, may be challenged or impugned by third parties or governmental authorities and affected by economic, political and social changes and legal system changes in the countries these investees are operating. Important risks and uncertainties are identified in more detail in the section of this Annual Report entitled "*Item 3: Key Information – D. Risk Factors*".

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that could cause results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking 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 forward-looking statements. All of the forward-looking statements contained in this document are expressly qualified, in their entirety, by this cautionary statement. The various risks to which we are exposed are described in additional detail in this document under the section entitled "*Item 3: Key Information – D. Risk Factors*". The forward-looking statements are made as of the date of this document and the Company undertakes no obligation to update forward looking statements if circumstances or management's estimates or opinions should change, except as required by applicable law. Users of this Annual Report are cautioned not to place undue reliance on forward looking statements.

CAUTIONARY NOTE ON RESOURCE AND RESERVE ESTIMATES

As a reporting issuer in Canada, the Company is required by Canadian law to provide disclosure respecting its indirect mineral interests in accordance with National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-10"). Accordingly, readers are cautioned that the information contained in this Annual Report may not be comparable to similar information made public by U.S. companies under the United States federal securities laws and the rules and regulations thereunder. In particular, the terms "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" as may be used herein are not defined in SEC Industry Guide 7, and are normally not permitted to be used in reports and registration statements filed with the SEC. **Readers are cautioned not to assume that any part of or all mineral deposits in these categories will ever be converted into mineral reserves with demonstrated economic viability.** In addition, the estimation of inferred resources involves far greater uncertainty as to their existence and economic viability than the estimation of other categories of resources. Under Canadian rules, estimates of inferred mineral resources may not form the basis of feasibility or pre-feasibility studies, except in rare cases. U.S. readers are cautioned not to assume that part of or all of an inferred mineral resource exists, or is economically or legally minable.

Further, the terms "mineral reserve", "proven mineral reserve" and "probable mineral reserve" are Canadian mining terms, the definitions of which differ from the definitions of the SEC. Under SEC Industry Guide 7 standards, a "final" or "bankable" feasibility study is required to report reserves, the three-year historical average price is used in any reserve or cash flow analysis to designate reserves and the primary environmental analysis or report must be filed with the appropriate governmental authority.

TECHNICAL INFORMATION

This Annual Report contains summary information of technical or scientific nature respecting mineral properties owned by Minco Silver Corp. ("Minco Silver") and indirectly by the Company due to its ownership in Minco Silver. All technical information is summarized from public information disclosed by Minco Silver and as such the Company refers the reader to Minco Silver for relevant technical disclaimer and disclosure information.

CURRENCY

Unless otherwise indicated, all references in this document to "\$" and "dollars" are to Canadian dollars, all references to "US\$" and "US dollars" are to United States dollars and all references to "RMB" are to the Chinese Renminbi.

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise stated, all financial information presented herein has been derived from financial statements prepared in accordance with IFRS as issued by the IASB.

Due to rounding, numbers presented throughout this document may not add up precisely to the totals we provide and percentages may not precisely reflect the absolute figures.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not Applicable.

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not Applicable.

ITEM 3. KEY INFORMATION**A. SELECTED FINANCIAL DATA**

The following selected financial information for the fiscal years ended December 31, 2017, 2016, 2015, 2014 and 2013 is derived from the audited financial statements of the Company and the notes thereto, which are prepared in accordance with IFRS as issued by the IASB, are available on SEDAR and EDGAR and should be read in conjunction with such financial statements and with the information appearing under the heading "Item 5: Operating and Financial Review and Prospects" and "Item 18: Financial Statements".

	Fiscal Year ended December 31,				
	2017	2016	2015	2014	2013
	\$	\$	\$	\$	\$
Operations					
Loss from investments at fair value	(1,813,194)	(990,000)	-	-	-
Operating loss (i)	(3,054,134)	(1,585,106)	(2,273,317)	(2,484,102)	(2,298,719)
Finance and other income (expense) (ii/iii)	(243,444)	8,802,174	16,593,873	(5,013,692)	(644,586)
Income (loss) from continuing operations	(3,297,578)	7,217,068	14,320,556	(7,497,794)	(2,943,305)
Net income (loss)	(3,297,578)	7,217,068	14,320,556	(7,497,794)	(2,943,305)
Income (loss) per Common share from continuing operations					
-basic and diluted	(0.06)	0.14	0.28	(0.15)	(0.06)
Net income (loss) per Common share (basic and diluted)	(0.06)	0.14	0.28	(0.15)	(0.06)
Common shares used in calculations					
Basic	50,733,381	50,687,496	50,566,749	50,488,078	50,348,215
Diluted	50,733,381	52,510,830	50,566,749	50,488,078	50,348,215
Consolidated Balance Sheet Data					
Total assets	17,744,904	20,758,471	16,521,288	9,405,439	16,246,355
Total liabilities	186,635	211,427	566,852	4,502,225	4,304,484
Non-controlling interest	-	-	-	4,988,512	5,124,196
Net assets	17,558,269	20,547,044	15,954,436	4,903,214	11,941,871
Share capital	41,976,886	41,976,886	41,911,823	41,882,757	41,758,037
Dividends	-	-	-	-	-

(i) The Company determined it met the definition of an investment entity under IFRS 10 Consolidated financial statements as of November 11, 2016. As such, the Company commenced accounting for its investment in Minco Silver at fair value through profit or loss ("FVTPL") starting November 11, 2016 in accordance with IAS 39 Financial Instruments: recognition and measurement ("IAS 39").

(ii) The Company has reclassified certain amounts within its consolidated statement of income (loss), therefore the above tables have presented such amounts on a consistent basis for all periods presented above. Specifically, the Company classifies exploration cost (recovery), gain on legal settlement and gain on sales of exploration permits within operating expenses. Furthermore, the effect of foreign exchange gain (loss) has been excluded from operating expenses.

(iii) Finance and other income (expense) is primarily comprised of amounts arising from the equity accounting for its investment in associate (Minco Silver) through to November 11, 2016, gain on disposal of Minco Resources, finance income and foreign exchange ("FX") gains and losses related to such transactions.

Exchange Rates

The following table sets forth information as to the average, period end, high and low exchange rate for Canadian dollars and US dollars for the periods indicated based on the Bank of Canada nominal noon exchange rates (USD to CAD) in Canadian dollars (US\$1.00 = 1.2828 as at April 24, 2018).

<u>Year Ended December 31</u>	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Period End</u>
2017	1.3743	1.2128	1.2986	1.2550
2016	1.4589	1.2544	1.3248	1.3427
2015	1.3390	1.1728	1.2787	1.3840
2014	1.1643	1.0614	1.1045	1.1601
2013	1.0697	0.9839	1.0299	1.0636

<u>Month</u>	<u>High</u>	<u>Low</u>	<u>Average</u>	<u>Period End</u>
March 2018	1.3088	1.2830	-	-
February 2018	1.2809	1.2288	-	-
January 2018	1.2535	1.2293	-	-
December 2017	1.2886	1.2545	-	-
November 2017	1.2888	1.2683	-	-
October 2017	1.2893	1.2472	-	-

B. CAPITALIZATION AND INDEBTEDNESS

Not Applicable.

C. REASONS FOR THE OFFER AND USE OF PROCEEDS

Not Applicable.

D. RISK FACTORS

An investment in our securities should be considered highly speculative and involves a high degree of financial risk due to the nature of our activities and the current status of our operations. Readers and prospective investors should carefully consider the risks summarized below and all other information contained in this Annual Report before making an investment decision relating to our shares. Some statements in this Annual Report (including some of the following risk factors) are forward-looking statements. Please refer to the discussion of forward-looking statements in the introduction to this Annual Report. Any one or more of these risks could have a material adverse effect on the value of any investment in our Company and the business, financial position or operating results of our Company and should be taken into account in assessing our activities. The risks noted below do not necessarily comprise all those faced by us.

Risks Relating to the Company Generally.*New Business*

Other than its investment in Minco Silver, the Company does not have any record of operating as an investment entity before November 2016. The Company is subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that the Company will not achieve its financial objectives as estimated by management.

Investors in the Company are subject to the risks attributable to the investments made by the Company. The success of the Company's investment strategy will depend, in part, on its ability to: identify suitable investments; negotiate the purchase of such investments on acceptable terms; complete the investments within expected time frames; and capitalize on such investments. The Company may not be able to identify appropriate investments or to acquire any suitable investments that it identifies. Moreover, competition may reduce the number of investment opportunities available to the Company. If the Company is required to invest other than in accordance with its investment policy and strategy, its ability to achieve its desired rates of return on its investments may be adversely affected.

Sector Specific Investment Risks

The Company seeks a high return on investment opportunities, primarily in the mining and natural resource sectors. Thus, the Company is exposed to investment risks relating to natural resources, which is generally more volatile than the overall market. Investing in natural resource can be speculative in nature and the value of the Company's investments may be subject to significant fluctuations. Such businesses entail a degree of risk, regardless of the skill and experience of the corporation's management. The assets, earnings and share values of corporations involved in the natural resource, are subject to risks associated with the world prices of various natural resource, forces of nature, economic cycles, commodity prices, exchange rates, royalty and taxation changes and political events. Government restrictions, such as price regulations, production quotas, royalties and environmental protection, can also be factors.

Commodity Prices

As at December 31, 2017, a significant portion of the Company's investments were made to companies in the business of exploration and development of mineral properties. The profitability of the Company's investments will be dependent upon the market price of mineral commodities. Decreases in the market price of such commodities could have an adverse effect on the Company's business, financial condition, results of operations and share price. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Company. The level of interest rates; the rate of inflation; global economic conditions; world supply of mineral commodities; consumption patterns for mineral commodities; forward sales of mineral commodities by producers; global production of mineral commodities; political conditions; speculative activities; and stability of exchange rates can all cause significant fluctuations in such prices.

Uncertainty of Estimates

The Company has made and plans to make investment in mining companies that conduct exploration and development of natural resources. Resource and reserve estimates of minerals are inherently imprecise and depend to some extent on statistical inferences drawn from limited drilling, which may prove unreliable. Estimated recoveries are generally made based upon test results, actual recovery may vary with different rock types or formations in a way which could adversely affect the valuation of the Company's investment in companies conducting exploration and development of natural resources.

The Company's investments are recorded in the Consolidated Statements of Financial Position at fair value. Management uses their judgment to select a variety of methods and make assumptions that are not always supported by quantifiable market prices or rates. Judgment is required in order to determine the appropriate valuation methodology under this standard and subsequently in determining the inputs into the valuation model used. These judgments include assessing the future earnings potential of investee companies, appropriate earnings multiples to apply, adjustments to comparable multiples, liquidity and net assets. In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistently and there are no known trends, commitments, events or uncertainties that the Company believes will materially affect the methodology or assumptions utilized in making these estimates in the Financial Statements. Accordingly, actual values realized in future market transactions may differ from the estimates presented in these Financial Statements and the differences may be material. The use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair values of various assets and liabilities.

The Mining Industry Is Highly Speculative

The Company has made and plans to make investment in mining companies that conduct exploration and development of natural resources which involves a high degree of geological, technical and economic uncertainty because of the inability to predict future natural resources' prices, as well as the difficulty of determining the extent of a natural resources deposit and the feasibility of its extraction without incurring considerable expenditures.

Price Volatility

Securities of natural resource companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. As a result of any of these factors, the market price of the Company's common shares, the market price of other public companies and the fair market price of private companies in which the Company invests may be subject to market trends and macroeconomic conditions generally, notwithstanding any potential success of such companies in creating revenues, cash flows or earnings, and may not accurately reflect the long-term value of such companies. There can be no assurance that continual fluctuations in price will not occur.

Fluctuations in the Value of the Company and the Common Shares

The net asset value of the Company and market value of its common shares will fluctuate with changes in the market value of the Company's investments. Such changes in value may occur as the result of various factors, including general economic and market conditions, the performance of corporations whose securities are part of the Company's investment portfolio and changes in interest rates which may affect the value of interest-bearing securities owned by the Company. There can be no assurance that shareholders will realize any gains from their investment in the Company and may lose their entire investment.

Due Diligence

The due diligence process undertaken by the Company in connection with investments that it makes or wishes to make may not reveal all relevant facts in connection with an investment. Before making investments, the Company will conduct due diligence investigations that it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence investigations, the Company may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence investigations and making an assessment regarding an investment, the Company will rely on resources available, including information provided by the target of the investment and, in some circumstances, third party investigations. The due diligence investigations that are carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such investigation will not necessarily result in the investment being successful.

Ability to Secure Adequate Financing

Although the Company currently has substantial cash reserves, the Company may have requirements for capital to support its growth and may seek to obtain additional funds for these purposes through the issuance of equity or incurrence of indebtedness. There are no assurances the Company will be able to secure additional funding on acceptable terms or at all as debt and equity markets can be impacted by market conditions. A lack of access to equity or debt markets could impact the Company's liquidity and operating results and its ability to make additional investments.

Foreign Investment

Foreign investments made by the Company in specific sectors such as natural resource, industrial or technology may be subject to political risks, risks associated with changes in foreign exchange rates, foreign exchange control risks and other similar risks. Some of the Company's assets may be invested in foreign securities. Consequently, the Canadian dollar equivalent of the Company's net denominated assets and dividends would be adversely affected by reductions in the value of the applicable foreign currencies relative to the Canadian dollar and would be positively affected by increases in the value of the applicable foreign currencies relative to the Canadian dollar.

Private Companies and Illiquid Securities

The Company invests or may invest in securities of private companies. In some cases, the Company may be restricted by contract or by applicable securities laws from selling such securities for a period of time. Such securities may not have a ready market and the inability to sell such securities or to sell such securities on a timely basis or at acceptable prices may impair the Company's ability to exit such investments when the Company considers it appropriate.

Lack of Control or significant influence over Companies in which the Company Invests

In certain cases, the Company invests or may invest in securities of companies that the Company does not control or influence. These investments will be subject to the risk that the company in which the investment is made may make business, financial or management decisions with which the Company does not agree or that the majority stakeholders or management of the company may take risks or otherwise act in a manner that does not serve the Company's interests. If any of the foregoing were to occur, the values of investments by the Company could decrease and the Company's financial condition and cash flow could suffer as a result.

Lack of Diversification

From time to time, the Company may have only a limited number of investments and, as a result, the performance of the Company may be adversely affected by the unfavourable performance of one investment or project. As well, the Company's investments are concentrated in the natural resource sector. As a result, the Company's performance will be disproportionately subject to adverse developments in this particular sector.

Reliance on Directors, Management and Other Key Personnel

The Company's success depends in part on its ability to attract and retain senior management and other key employees. Competition for qualified personnel depends on, among other things, economic and industry conditions, competitors' hiring practices and the effectiveness of the Company's compensation programs. The loss of, or inability to recruit and retain, any such personnel could impact the Company's ability to execute on its investment strategy.

Transaction and Legal Risks

The Company may be exposed to transaction and legal risks, including potential liability under securities laws or other laws and disputes over the terms and conditions of investment arrangements. Such matters are subject to many uncertainties, and the Company cannot predict with assurances the outcomes and ultimate financial impacts of them. There can be no guarantees that actions that may be brought against the Company in the future will be resolved in the Company's favour or that the insurance the Company carries will be available or paid to cover any litigation exposure. Any losses from settlements or adverse judgments arising out of these claims could be materially adverse to the Company.

Potential Conflicts of Interest

Certain members of the Board and officers of the Company also serve as officers or directors of other companies. Consequently, there exists the possibility that those directors and officers may be in a position of conflict. In particular, Ken Z. Cai is a director of and serves in management in Minco Silver. As at December 31, 2017, the investment in Minco Silver was approximately 69% of the Company's total investment in marketable securities.

In addition, the Chief Financial Officer and the Corporate Secretary and the Vice President of Corporate Affairs of the Company are also the Chief Financial Officer and the Corporate Secretary and the Vice President of Corporate Affairs, respectively, for Minco Silver. Any decision made by such directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors and officers will declare, and refrain from voting on, any matter in which such directors or officers may have a conflict of interest. Nevertheless, there remains the possibility that the best interests of the Company will not be served because its directors and officers have other commitments. Matters between the Company and Minco Silver which put any of the directors or officers of the Company in a position of conflict are approved by the audit committee of the Board, which is comprised solely of independent directors.

In addition to the potential conflicts described above, some of the directors and officers of the Company are also directors or officers of other reporting and non-reporting issuers who are engaged in other industry sectors. Accordingly, conflicts of interest may arise which could influence the decisions or actions of directors or officers acting on behalf of the Company.

Cybersecurity Risks and Threats

Threats to information technology systems associated with cybersecurity risks and cyber incidents or attacks continue to grow. It is possible that the business, financial and other systems of the Company or the companies in which it has invested could be compromised, which might not be noticed for some period of time. Risks associated with these threats include, among other things, loss of intellectual property, disruption of business operations and safety procedures, loss or damage to worksite data delivery systems, and increased costs to prevent, respond to or mitigate cybersecurity events.

Risks Related to Minco Silver's mineral properties located in China

As at December 31, 2017, the Company held an equity investment in Minco Silver valued at \$9,350,000 which represents approximately 53% of the Company's total assets. Minco Silver is in the business of exploration and development of mineral properties with ownership of various mineral properties located in China. Thus, although the Company holds no direct ownership or has any rights to assets held by Minco Silver, the Company indirectly has exposure to Minco Silver's assets through its equity investment. Discussion of Minco Silver's business risks is presented in Minco Silver's annual information form ("AIF") which can be viewed at www.sedar.com under the profile of Minco Silver. The following risk factors are associated with the mineral properties owned by Minco Silver in China that may impact the value of the Company's equity ownership in Minco Silver:

Title to Properties

To the knowledge of the Company, none of Minco Silver's property interests have been surveyed to establish boundaries. There can be no assurance that any governmental authority in China could not significantly alter the conditions of, or revoke the applicable exploration or mining authorizations held by Minco Silver, or that Minco Silver's interest in such properties will not be challenged or impugned by third parties or governmental authorities.

In addition, there can be no assurances that the properties or other assets in which Minco Silver has an interest are not subject to prior unregistered agreements, transfers, pledges, mortgages or claims and title may be affected by undetected defects as it is difficult to verify that no agreements, transfers, claims, mortgages, pledges or other encumbrances exist given the state of the legal and administrative systems in China.

China Political and Economic Considerations

The economy of China has traditionally been a planned economy, subject to five-year and annual plans adopted by the state, which sets national economic development goals. Since 1978, China has been moving the economy from a planned economy to a more open, market-oriented system. The economic development of China is following a model of a market economy under socialism. Under this direction, it is expected that China will continue to strengthen its economic and trading relationships with foreign countries, and that business development in China will follow market forces and the rules of market economics.

However, the Chinese government continues to play a significant role in regulating industry by imposing industrial policies. In addition, there is no guarantee that a major turnover of senior political decision makers will not occur, or that the existing economic policy of China will not be changed. A change in policies by China could adversely affect the Company's or Minco Silver's interests in China by changing laws, regulations or the interpretation thereof, confiscatory taxation, restrictions on currency conversion, imports and sources of supplies or the expropriation of private enterprises. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of companies engaged in mineral resource exploration and development, or more stringent implementation thereof, could have a material adverse impact on Minco Silver and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties. Companies with a foreign ownership component operating in China may be required to work within a framework which is different to that imposed on domestic Chinese companies. The Chinese government is opening up opportunities for foreign investment in mining projects and this process is expected to continue. However, if the Chinese government should reverse this trend and impose greater restrictions on foreign companies, the Company's business and future earnings could be negatively affected.

Chinese Legal System and Enforcement

Material agreements to which Minco Silver is a party with respect to mining assets in China are governed by Chinese law and some may be with Chinese governmental entities. The Chinese legal system embodies uncertainties that could limit the legal protection available to Minco Silver and their shareholders. The outcome of any litigation may be more uncertain than usual because: (i) the experience of Chinese judiciary in the industry in which we operate is relatively limited, and (ii) the interpretation of Chinese laws may be subject to policy changes reflecting domestic political changes. The laws that do exist are relatively recent and their interpretation and enforcement involve uncertainties, which could limit the available legal protections. Even where adequate laws exist in China, it may be impossible to obtain swift and equitable enforcement of such laws or to obtain enforcement of judgments by a court of another jurisdiction, which could have a material adverse impact on the Company. Many tax rules are not published in China, and those that are published can be ambiguous and contradictory, leaving a considerable amount of discretion to local tax authorities. China currently offers tax and other preferential incentives to encourage foreign investment. However, the tax regime of China is undergoing review and there is no assurance that such tax and other incentives will continue to be available. There is also no guarantee that the pursuit of economic reforms by the Government will be consistent or effective and as a result, changes in the rate or method of taxation, reduction in tariff protection and other import restrictions and changes in state policies affecting the mining industry may have a negative effect on our operating results and financial condition.

Government Regulation of Mineral Resources and Ownership

Ownership of land in China remains with the State, and the State, at the national, regional and local levels, is extensively involved in the regulation of exploration and mining activities. Transfers and issuances of exploration and mining rights are also subject to governmental approval. Failure or delays in obtaining necessary approvals could have a material adverse effect on the financial condition and results of operations of the Company. Nearly all mining projects in China require government approval. There can be no certainty that any such approvals will be granted (directly or indirectly) to Minco Silver in a timely manner, or at all.

Future Financing and Dilution

There is no assurance that additional funding will be available to Minco Silver for further exploration and development of its current and future projects in order for Minco Silver to achieve its long-term objectives. There can be no assurance that Minco Silver will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of Minco Silver's projects with the possible loss of such properties.

If Minco Silver raises additional funds by issuing equity or convertible debt securities, it will reduce the percentage ownership of the Company's then-existing stockholders, and the holders of those newly-issued equity or convertible debt securities may have rights, preferences, or privileges senior to those possessed by Minco Silver's then-existing stockholders. Additionally, future sales of a substantial number of shares of Minco Silver's common shares or other equity-related securities in the public market could depress the market price of Minco Silver's common shares and impair Minco Silver's ability to raise capital through the sale of additional equity or equity-linked securities, and impact the value of the Company's investment in Minco Silver. The Company cannot predict the effect that future sales of common shares or other equity-related securities would have on the market price of Minco Silver's shares.

Environmental Considerations

Although China has enacted environmental protection legislation to regulate the mining industry, due to the very short history of this legislation, national and local environmental protection standards are still in the process of being formulated and implemented. The legislation provides for penalties and other liabilities for the violation of such standards and establishes, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are being or have been conducted. There is a risk that permission to conduct exploration and development activities could be withdrawn temporarily or permanently where there is evidence of serious breaches of such standards.

ITEM 4. INFORMATION ON THE COMPANY**A. HISTORY AND DEVELOPMENT OF THE COMPANY****Name, Address and Incorporation**

Minco Gold was incorporated in British Columbia, Canada under the *Business Corporations Act* (British Columbia) on November 5, 1982, under the name "Caprock Energy Ltd." The Company changed its name to "Minco Gold Corporation" on January 29, 2007. As at December 31, 2017, the Company did not have any subsidiaries, and the Company's investments at fair value includes an 18% interest in Minco Silver.

The principal executive office and registered office of the Company is located at Suite 2772, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3R5, telephone number 604-688-8002, fax number 604-688-8030 and email address pr@mincomining.ca.

B. BUSINESS OVERVIEW

Prior to November 11, 2016, the Company's main business was the exploration, evaluation and development of mineral properties and projects. On November 11, 2016, the Company applied to undertake a Change of Business ("COB") and listing on the TSX Venture Exchange (the "TSX-V") as an "Investment Issuer" and to delist its shares from the TSX Stock Exchange (the "TSX"). As an "Investment Issuer", the Company is utilizing its strong working capital position, its extensive industry contacts and internal expertise to build a portfolio of high-quality investments, primarily in publicly traded and privately held corporations, as well as in direct ownership stakes in resource projects. Types of investments may include common shares, preferred shares, warrants, royalties, convertible debentures, bridge loans, and other investment vehicles selected to create value and return for the shareholders.

The Company received final approval of the COB from the TSX-V on April 20, 2017. Effective Monday, May 1, 2017, the Company's common shares commenced trading on the TSX-V under the symbol "MMM", and effective Friday, April 28, 2017, the Company's common shares were delisted from the TSX.

More details of the Company's COB are disclosed in the Company's filing statement filed in November 2016 on www.sedar.com under the Company's profile. The filing statement includes an investment policy, which has been adopted by the Company to govern its investment activities. The nature and timing of the Company's investments will depend, in part, on available capital at any particular time and the investment opportunities identified and available to the Company.

Prior to 2017, the Company's common shares were also traded on the NYSE MKT. In early 2017, the Company filed a Form 25 ("Notification of Removal from Listing and/or Registration under Section 12(b) of the Securities Exchange Act of 1934") with the Securities and Exchange Commission (the "SEC") to initiate a voluntary delisting from the NYSE MKT of the Company's outstanding common shares and the deregistration of the common shares under Section 12(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The Company decided to delist its common shares in light of its COB focus from mineral exploration to an investment strategy. The Company's common shares continue to be registered with the SEC under Section 12(g) of the Exchange Act and therefore, the Company remains subject to the SEC reporting requirements pursuant to Sections 13(a) and 15(d) of the Exchange Act until all applicable deregistration conditions are satisfied. The delisting from the NYSE MKT was effective after the close of the market on January 27, 2017, and the Company's common shares began quotation on OTC market in the United States ("OTCQX") under the symbol "MGHCF" on January 31, 2017.

Overview for 2017Summary of operations:

During the year ended December 31, 2017, the Company bought and sold common shares of a public company and realized a profit of \$46,991.

The Company also acquired a portfolio of common shares, partnership units, and warrants of public companies and made an investment in a private company. Total unrealized losses of \$1,860,185 were recorded from the investments.

Following is a summary of the Company's investment portfolio, consisting of 15 holdings as at December 31, 2017:

Holdings	Number of Shares/Units Held	Number of Warrants Held	Market Value (i) \$
Public companies (resources entities):			
Minco Silver Corp.	11,000,000		9,350,000
Hudson Resources Inc.	2,142,857		910,714
Hudson Resources Inc.		1,071,428	245,000
RoxGold Inc.	398,800		555,520
Continental Gold Inc.	130,025		439,485
Equinox Gold Corp.	224,600		251,552
Guyana Goldfields Inc.	40,000		203,200
Neo Performance Materials Inc.	11,000		196,900
ETFS Physical Palladium	1,125		143,415
Almaden Minerals Ltd.	100,000		128,158
All other public entities (non-resources)			687,968
Private company:			
El Olivar Imperial (ii)	400,000		502,138
			13,614,050

(i) The Company considers the closing price of public company's common share at each reporting date as their fair values.

The Company applies the Black-Scholes option-pricing model to value public company's share purchase warrants at the reporting date.

(ii) In December 2016, the Company acquired 5.9%, or 400,000 units ("Unit"), of El Olivar Imperial SAC ("El Olivar"), a privately held Peruvian corporation, for US\$1.00 per unit. There were no dispositions or further acquisitions of El Olivar shares during the year ended December 31, 2017.

El Olivar's principal asset is the wholly owned Planta Sol de Oro gold tailings and processing project located near Nasca, Peru, 445 kilometers south of Lima.

Each Unit consists of one Class A voting share and 1.5 Class A share purchase warrants (the "EI Warrant"), with each full EI Warrant entitling the holder to purchase one additional Class A voting share exercisable at a price of US\$1.00 per share. The expiry date of the EI Warrant was initially set on July 18, 2017, which was subsequently revised to the date which is twenty business days after El Olivar has advised all warrant holders in writing that El Olivar has received the permits necessary to build its mining facilities in Peru. As of the date of this Annual Filing, this notice has not been given.

Minco Gold shall receive an annual cash dividend in U.S. dollars equal to 6% of the invested amount, calculated from the initial date of investment and payable starting on the date that is 18 months from the closing date.

The Class A voting shares may be converted at any time into common shares of El Olivar at the option of the holder. After a period of 10 years from the commencement of commercial production, Class A shareholders will have the option to either convert their Class A voting shares to common shares or redeem such shares for cash at face value. The conversion rate will initially be 1:1, subject to customary adjustments.

One director of the Company is also a director, officer and a controlling shareholder of El Olivar.

Since there were no significant changes with respect to El Olivar during the year ended December 31, 2017 that may cause a material change to El Olivar's fair value, it is management's judgement that the cost of the investment in El Olivar (US\$ 400,000) approximated its fair value as at December 31, 2017, except for the changes caused by change in the foreign exchange rate between the US dollar and Canadian dollar.

The principal business of El Olivar is to construct and operate a processing manufacturing plant of gold mining ores and tailings in Peru. A change in the strength of Peru's currency relative to Canadian dollars, a change in the price of gold, and receipt of all the required permits for the construction and operation of the processing plant will impact the fair value of this investment. No significant change was note in these areas in 2017.

C. ORGANIZATIONAL STRUCTURE

As at the date of this Annual Report and as at December 31, 2017, the Company does not have any subsidiaries. The Company owns an 18% interest in Minco Silver Corp and has significant influence on Minco Silver Corp. through common officers and a common director.

D. DESCRIPTION OF PROPERTIES

D.1 The Company does not have direct ownership of any mineral properties.

D.2 Mineral properties held by Minco Silver Corp.

As disclosed in other sections, the Company's investment at fair value includes an 18% ownership of Minco Silver. Information of Minco Silver's mineral properties located in China is as follow. All technical information reported herein is taken directly from public disclosure by Minco Silver and the Company therefore refers the reader to Minco Silver for Technical disclaimer and disclosure information:

I. CHANGKENG GOLD PROJECT

The following is a brief description of Minco Silver's Changkeng Gold Project. Technical Information regarding the Changkeng Gold Project is primarily derived from a National Instrument 43-101 ("NI 43-101") compliant technical report 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. of Brampton, Ontario ("P&E"), and all qualified persons for the purposes of NI 43-101. These technical reports include relevant information regarding the data, data validation and the assumptions, parameters and methods of the mineral resource estimates on the Changkeng Project.

LOCATION

The Changkeng gold deposit is located approximately 45 km southwest of Guangzhou, the fourth largest city in China with 14 million people and the capital city of Guangdong Province. The project is adjacent to Minco Silver's Fuwan Silver Deposit and situated close to well established water, power, and transportation infrastructure.



OWNERSHIP

Minco Silver has 51% interest in the Changkeng Project through its Chinese subsidiary Mingzhong.

The Changkeng exploration permit has been recently renewed and will expire on September 10, 2019.

EXPLORATION ACTIVITIES

No exploration activities, except for maintaining the exploration permits in respect of the project, were conducted on the Changkeng Gold Project during the past three years.

Technical Information of the Changkeng Gold Project

GEOLOGY

The Changkeng Gold Project is located at the northwest margin of a triangular Upper Paleozoic fault basin, at the margin with the northeast trending Shizhou fault to the northwest, the east-west trending Dashi fault to the south and the northwest trending Xijiang fault to the northeast. Precious and base metal occurrences and deposits are known to occur predominantly along the margins of the 550 km² basin. The Changkeng Gold Project is covered by the 1.18km² area over the Changkeng permit.

The major structural control at Changkeng is an upright, open syncline with its axis trending northeast. The syncline is composed of Lower Carboniferous limestone and Triassic siliciclastic rocks. A low-angle fault zone is developed along the contact between the Lower Carboniferous unit and the Upper Triassic unit. The fault zone is from several meters to tens of meters in width and is occupied by lenticular, brecciated and silicified rocks, brecciated limestone, and silicified sandy conglomerate. The fault zone may have acted as both a feeder conduit and as a host structure for the gold and silver mineralization in the area. A set of second-order faults parallel to the major fault were developed in the limestone at the footwall, and silver mineralization is known to occur in the second-order faults on the Fuwan Property to the south. Gold was discovered at Changkeng in early 1990 by systematic follow up of stream sediment and soil geochemical anomalies identified from surveys completed by the Guangdong Provincial government. Illegal, small scale mining began in 1991 and removed most of the oxidized, near surface mineralization. Based on 13 surface trenches and 81 diamond drill holes, P&E prepared an initial NI 43-101 compliant resource estimate on the deposit in March of 2008 with a resource update in March 2009 (collectively, the "Changkeng Technical Reports"). The Changkeng Technical Reports can be found on SEDAR and are incorporated by reference herein. The detailed resource estimates are provided below.

The Changkeng Project is comprised of three mineralized zones, termed the CK1, CK2 and CK3 Zones. The overall strike length of the deposit, incorporating these zones, is approximately 1200 meters in a N065° direction, with a cross-strike width of between 110 to 380 meters. The deposit outcrops on surface and the deepest zone of mineralization intersected by drilling to date is approximately 280 meters below surface. The average width of a mineralized intersection is 10.4 meters (apparent thickness).

The Changkeng Project falls into the broad category of sediment hosted epithermal deposits. Gold mineralization occurs as lenticular bodies in the brecciated Triassic classic rocks at the upper portion of the synform zone. The gold zone tends to pinch out toward the hinge of the syncline where it is replaced by silver mineralization at the Fuwan Silver Deposit.

DRILLING PROGRAM

The last comprehensive exploration program on the Changkeng Gold Project was done during 2007 to 2008. The exploration program consisted of drilling of 66 diamond holes and an extensive hydrological study as well as a geotechnical survey. The drilling program was designed to expand the known resources through step-out drilling, as well as increase the indicated resources through in-fill drilling, with the first 22 holes mainly testing the wider spaced drill targets throughout the entire property. Drilling was conducted on an approximately 40 meter section spacing with holes on section between 20 meters and 80 meters apart.

At the completion of the 2008 drilling program, the known gold mineralization at the Changkeng Property was extended by approximately 400 meters along strike to the east-northeast; from just less than 900 meters to approximately 1200 meters in length. Mineralization was also extended down dip in localized areas along the eastern end of the known mineralization.

RESOURCE ESTIMATES

A resource estimate was made by P&E for the Changkeng Gold Project by utilizing diamond drill data from a total of 127 drill holes and 13 surface trenches. On March 25, 2009, an updated NI 43-101 resource estimate for the Changkeng project, including the calculations of the distinct and separate gold dominant and silver dominant zones, was completed and published.

The following is a summary of the updated resource calculation prepared for the Changkeng Property. The definitions of Indicated and Inferred Resources are in compliance with the Canadian Institute of Mining Metallurgy and Petroleum CIM Definition Standards on Mineral Resources and Reserves (the "CIM Definition Standards"), which were adopted by the CIM Council on December 11, 2005.

March 2009 P&E Gold Dominant Portion of Resource Estimate @ 1.2 g/t AuEq Cut-Off

Classification	Tonnes	Au (g/t)	Au (oz)	Ag (g/t)	Ag (oz)	AuEq ** (g/t)	AuEq ** (oz)
Indicated	3,961,000	4.89	623,100	11.2	1,423,000	5.08	646,800
Inferred	4,001,000	3.01	386,800	9.5	1,218,000	3.16	407,000

**The AuEq grade was calculated from Au US\$800/oz and Ag US\$14/oz with respective recoveries of 95% and 90%. The calculated Au:Ag ratio was 60:1. Pb and Zn values were too low to be of economic interest for resource reporting purposes.

1. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
2. The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

The Changkeng Project also contains a portion of a second distinct deposit, which is silver dominant. The deposit contains indicated resources of 5.6 million tonnes @ 170 g/t Ag for a total of 30,708,000 oz Ag and inferred resources of 1.1 million tonnes @ 220 g/t Ag for a total of 7,517,000 oz Ag.

March 2009 P&E Silver Dominant Portion of Resource Estimate @ 35 g/t Ag Cut-Off

Classification	Tonnes	Ag (g/t)	Ag (oz)	Au (g/t)	Pb (%)	Zn (%)
Indicated	5,622,000	170	30,708,000	0.33	0.35	1.02
Inferred	1,063,000	220	7,517,000	0.24	0.61	1.36

1. Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.
2. The quantity and grade of reported inferred resources in this estimation are uncertain in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

The resource estimate prepared on the Changkeng Silver Project also includes minor amounts of lead (Pb) and zinc (Zn).

II. FUWAN SILVER PROJECT

Introduction

As at December 31, 2017, Minco Silver Corporation, through Changfu Minco, had three reconnaissance survey exploration permits on the Fuwan Project (Luoke-Jilinggang Permit, Hecun Permit and the Guyegang-Sanyatang Property), having a total area of 125.74 km² and covering a major part of the northeast-trending Fuwan silver belt. The Fuwan silver belt hosts the known gold and silver occurrences in the Sanzhou basin, including the Fuwan Project and the Changkeng Gold Property in which the Company now owns a 51% interest.

The main exploration permit for the Fuwan main deposit area is the Luoke-Jilinggang (57.16 km²). The exploration permit of Luoke- Jilinggang expired on July 20, 2017 and is being renewed.

The Guyegang-Sanyatang permit has been recently renewed and will expire on March 17, 2019.

The Hecun permit expires on August 20, 2018.

Exploration Programs

Minco Silver conducted a comprehensive exploration program on the Fuwan Project during the period from 2005 to 2008. The exploration program includes a six phases of drilling totaling 260 drill holes comprising 69,074 meters of diamond drilling over both the Fuwan Silver Deposit and the surrounding regional area, detailed hydrological studies for the Fuwan deposit area, metallurgical testing, and geotechnical studies. An exploration report was prepared on the Fuwan deposit at the end of the exploration program and was approved by MOLAR. The assay results from the Company's drilling programs in the past can be reviewed on our website at www.mincosilver.ca or at www.sedar.com.

There was no further planned exploration program as of the date of this report.

Resource Estimates

The last NI 43-101 technical report of the Fuwan Project was prepared by P&E that was filed on www.sedar.com on January 24, 2008.

On May 12, 2008, P&E completed an updated resource estimate taking into the consideration the phase 1 to 6 drilling programs conducted in 2008. Diamond drill data from a total of 422 holes, with an aggregate length of 96,000m, was used for the resource calculation in the updated resource estimate. These programs were conducted on a 60m x 60m diagonal spacing within the existing 80m x 80m rectangular drill grid spacing. The Fuwan Silver Deposit remains open along strike to the southwest and up and down its relatively flat dip to the northwest and southeast.

The resource estimate for the Fuwan Silver Deposit includes gold ("Au"), lead ("Pb") and zinc ("Zn") credits and has an indicated resource of approximately 16.0 million tonnes at 182g/t Ag, 0.20g/t Au, 0.20% Pb and 0.57% Zn and an inferred resource of 11.2 million tonnes at 174g/t silver ("Ag"), 0.26g/t Au, 0.27% Pb and 0.73% Zn. Details of the resources for the silver mineralization of the Changkeng and Fuwan properties are shown in the following table.

Table 1.1 Resource Estimate¹ @ 40g/t Ag Cut-Off Grade.

Resource Area & Classification	Tonnes	Ag (g/t)	Ag (oz)	Au (g/t)	Pb (%)	Zn (%)
Fuwan Permits Indicated	13,948,000	188	84,268,000	0.17	0.20	0.56
Changkeng Permit Indicated*	2,027,000	142	9,235,000	0.40	0.20	0.61
Total Indicated	15,975,000	182	93,503,000	0.20	0.20	0.57
Fuwan Permits Inferred	10,241,000	171	56,147,000	0.26	0.26	0.72
Changkeng Permit Inferred **	1,049,000	212	7,136,000	0.29	0.37	0.86
Total Inferred²	11,290,000	174	63,283,000	0.26	0.27	0.73

Notes:

* The indicated resources reported on the Changkeng Permit represent 51% of the actual indicated resources which reflects the proportion of ownership by Minco Silver Corporation. Total Changkeng indicated silver resources are 4,054,000 tonnes and 18,470,000 ounces of silver.

** The inferred resources reported on the Changkeng permit represent 51% of the actual inferred resources which reflects the proportion of ownership by Minco Silver Corporation. Total Changkeng inferred silver resources are 2,098,000 tonnes and 14,272,000 ounces of silver.

¹ Mineral resources which are not mineral reserves do not have demonstrated economic viability. The estimate of mineral resources may be materially affected by environmental, permitting, legal, title, taxation, sociopolitical, marketing, or other relevant issues.

² The quantity and grade of reported inferred resources in this estimation are conceptual in nature and there has been insufficient exploration to define these inferred resources as an indicated or measured mineral resource and it is uncertain if further exploration will result in upgrading them to an indicated or measured mineral resource category.

For the purposes of the resource update report, the resource was defined using the April 2008, 24 month trailing average metal prices of US\$13.69/oz Ag, US\$710/oz Au, US\$1.01/lb Pb and US\$1.48/lb Zn. Costs of \$12.00/tonne for mining, \$11.50/tonne for processing/tailings management and \$5.50/tonne for G&A for a total of \$29.00/tonne and a process recovery of 97% for Ag, along with Au, Pb & Zn credits of approximately \$10.00/tonne were utilized to derive a cut-off grade of 40 g/t Ag.

Feasibility Study

Detailed technical information on the Fuwan Project, including project description, location, climate, local resources, infrastructure, physiography, history, geological setting, exploration, mineralization, drilling sampling, and mineral resources estimated, can be found in the technical report with dated October 23, 2009 (filed to www.sedar.com on November 10, 2009) entitled "Fuwan Project Feasibility Study Technical Report" prepared by the Wardrop.

As the feasibility study has not been updated recently, the results within, including but not limited to the project capital cost, operating cost, financial analysis, sensitivity analysis may not reflect the most up to date results by using current cost and metal price figures.

Mining Methods

The feasibility study contemplates the development of a mechanized mine at the Fuwan deposit. A 2 m minimum mining height was adopted for mechanized mining. The selection of a mining method is dependent upon ore body geometry, ground conditions, and ore grade.

Drift-and-fill mining, and a small amount of room-and-pillar mining, would be used for flat lying zones. As the ore body has reasonably good grades, a trade-off study was undertaken to assess at what grade it would be worth backfilling with cemented fill and carrying out a primary/secondary drift-and-fill type mining method allowing 100% extraction without leaving any ore pillars.

Ore zones with lower grades would be mined by the room-and-pillar method. This method is selective and zones of low grade can be left as pillars. A variation of this method is post pillar cut-and-fill: where the ore height is greater than 6 to 7 m, the panel is taken in two cuts. The first cut is taken and backfilled, then a second cut is taken over the top of the first cut working off the backfill.

Stope and pillar dimensions, ground support in development headings, and stopes will depend on ore body geometry and ground condition.

The cut-and-fill method would be used for ore zones dipping between 15° and 50°. In order to minimize waste development, Wardrop recommends using in-ore twin ramp development. Each panel will be about 100 m long and typically 60 m vertically. Twin ramps will be driven in ore from top and bottom access to meet in the middle of the stope. A minimum 3 m-wide pillar (or a 1:1 ore to pillar width) will be left between the ramps. The ramp below the pillar must always remain open for air passage and provide through-ventilation. After the ventilation airway is no longer needed, the pillar could be recovered; however, any estimate should only assume an effective 50% recovery of the pillar.

Backfill

All stopes would be backfilled after mining is completed. Free draining hydraulic backfill was selected as the most appropriate method due to the flat-lying and relatively large horizontal extent of the ore body, coupled with the distant location of the process plant and difficulties with access above the ore body. This backfilling method will allow up to 45 to 50% of the tailings to be disposed of as hydraulic backfill underground, reducing the required size of the surface tailings pond.

Backfill would be prepared from tailings produced in the plant and distributed to the underground stopes by a pipeline through the main access ramp. For primary stope filling in drift-and-fill, 5% cement would be added. Backfill for cut-and-fill, room-and pillar, and secondary stopes of drift-and-fill mining would not be cemented.

Mine Access

The mine would be accessed by a single decline developed at gradient of -15%. It will be used for access of personnel, equipment, materials, and services. It will also be utilized as an intake airway.

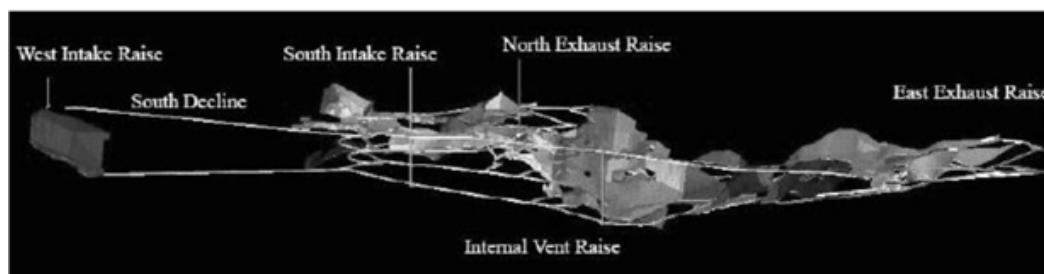
The location of the decline portal was selected on the south-west side of the deposit near the process plant. The size of the decline was selected at 4.5 m wide by 4.5 m high to accommodate the mining equipment and provide required clearances.

The four levels would be developed for haulage and for provision of fresh air supply to mining blocks. Ventilation access drifts would be excavated to connect the level development and ramps to the ventilation raises.

The 4.0 m diameter central south fresh air intake ventilation raise would have a man-way equipped with ladders and platforms to provide an auxiliary exit from the mine in case of emergency. Two 4.0 m diameter exhaust raises would be developed on the east and north side of the ore body and would be connected to the level development to provide flow-through ventilation. They would also be equipped with ladders.

Another 3.0 m diameter fresh air ventilation raise would be constructed in Year 6 of production on the west side of the deposit to provide intake air for mining block #201, and would be equipped with a man-way for emergency exit .

Figure 1.1 Access Development



Development headings would be driven with electro-hydraulic twin boom jumbos. Ventilation raise development would be done by raise boring crews.

The broken rock would be mucked from the face by a 7 tonne load-haul-dump and hauled by 25 tonne trucks to the surface waste dump. The same equipment would be used for mucking broken ore from the production stopes and hauling to the mill for processing.

A 7 tonne capacity load-haul-dump with a 4.0 m³ bucket and a 25 tonne underground mine truck with a 13.0 m³ box were selected for ore and waste haulage.

The following presents a summary forecast of ore and waste production.

Table 1.4 Production by Material Type

Year	Ore	Waste	Total
-2		83,515	83,515
-1		226,832	226,832
1	990,000	83,486	1,073,486
2	990,000	83,720	1,073,720
3	990,000	63,183	1,053,183
4	990,000	52,480	1,042,480
5	990,000	57,452	1,047,452
6	990,000	43,329	1,033,329
7	990,000	11,932	1,001,932
8	990,000	20,108	1,010,108
9	990,000	19,887	1,009,887
10	207,981		207,981
Total	9,117,981	745,924	9,863,905

Personnel requirement estimates are based on the mine production rate and mine schedule. A mining contractor would begin work in the pre-production development stage to allow time for the owner to recruit staff for the project. The contractor would continue mine access development during production.

Underground staffing requirements peak at 54 personnel during full production, including 9 mine operating and 5 mine maintenance salaried dayshift personnel, 32 shift technical staff, and 8 shift supervisors. Underground hourly labour requirements will peak at 312 in Year 5 during full production, including 248 mine operating and 64 mine maintenance hourly personnel. The personnel requirements do not include the labour required for access development performed by the contractor.

Mine Services

A two-bay sump would be located at the bottom of the mine and would be constructed to allow suspended solids to settle out of the ground water before pumping. The sump would be equipped with four high-pressure pumps: two working and two on stand-by. A 300 mm (12") diameter steel dewatering pipe would be installed in the main access decline to pump water from the sump to the final tailing pump box on surface.

Industrial-quality water would be distributed in 4" and 2" diameter pipelines throughout the underground workings for drilling equipment, dust suppression, and firefighting. The major electrical power consumption in the mine would be from the main and auxiliary ventilation fans, drilling equipment, and mine dewatering pumps. A high voltage cable would enter the mine via the main access decline and be distributed from the main underground substation via boreholes to electrical substations located on each sublevel. High voltage power would be reduced to 600 volts at electrical sub-stations. All power would be three-phase and, except for lighting and convenience receptacles, which would use single phase 127 kilovolt power.

A leaky feeder communication system would be installed throughout the mine. The system would interface with the surface communication system. It would be also used for centralized blasting. Telephones would be located at key infrastructure locations such as the underground electrical sub-stations, refuge areas, lunchrooms, and pumping stations. Key personnel and mobile equipment operators would be supplied with an underground radio.

The mobile drilling equipment such as jumbos, rock bolters, and scissor lifts with ammonium nitrate and fuel oil loaders would be equipped with their own compressors. No reticulated compressed air system would be required. Six portable compressors would be used to satisfy compressed air consumption for miscellaneous underground operations.

Explosives would be stored on surface in permanent magazines. Detonation supplies (non-electric and electrical caps, detonating cords, etc.) would be stored in a separate magazine on the surface.

The underground mobile equipment would have an estimated average fuel consumption rate of approximately 8,556 liters per day during the production period. Haulage trucks and all auxiliary vehicles would be fueled at fuel stations on surface. The fuel/lube cassette would be used for the fueling/lubing of load-haul-dumps and face equipment.

The personnel carriers would be used to shuttle employees from the surface to the underground workings and back during shift changes. Supervisors, engineers, geologists, and surveyors would use diesel-powered trucks as transportation underground. Mechanics and electricians would use the mechanics' truck and maintenance service vehicles.

A boom deck with a 10-tonne crane would be used to move supplies, drill parts, and other consumables from surface to active underground workings.

A mine service crew would perform mine maintenance and construction work, ground support control and scaling, mine dewatering, and safety work.

Mobile underground equipment would be maintained in a mechanical shop located on the surface outside of main ramp access portal. A small underground maintenance shop with an overhead crane would also be constructed underground to provide maintenance for drilling equipment. A mechanics' truck would be used to perform emergency repairs underground. Major rebuild work would be conducted off site.

Development Schedule

The mine development is divided into two periods: pre-production development and ongoing development.

The pre-production development period runs from the start of the project to when the first ore is fed to the process plant. Pre-production development will be scheduled to, among other things:

- provide access for trackless equipment;
- provide ventilation and emergency egress;
- establish ore and waste handling systems;
- install mining services (backfill distribution, power distribution, communications, explosives storage, fuel storage and distribution, water supply, mine dewatering); and
- provide sufficient level development in advance of start-up to develop sufficient ore reserves to support the mine production rate.

All underground pre-production development would be done by contractor with the use of the contractor's equipment, personnel, and supervision. A 130 m per month advance rate was assumed for a jumbo crew developing a 4.5 m wide by 4.5 m high heading, and a 90 m per month advance rate was assumed for a raise boring crew to drill a pilot hole and ream it to a 4.0 m diameter.

Underground infrastructure development, such as dewatering sumps, maintenance shop, and explosives storage, would be completed prior to production.

It is estimated that pre-production development would be completed in two years. Ore development is not included in the development schedule as it would be part of ore production.

Ongoing sustaining development would continue to be performed by a contractor during the production stage. The contractor would demobilize from the site in Year 9 when all main access development is completed.

Table 1.5 - Mine Development Schedule

Production Year	Unit	Pre-production	Year										Total
			1	2	3	4	5	6	7	8	9	10	
Annual Meters (Horizontal)	m	5,420	1,497	1,437	1,132	950	1,040	765	216	364	360	0	13,181
Annual Meters (Vertical)	m	462	45	214	37	0	0	61	0	0	0	0	819
Total Development	m	5,882	1,542	1,651	1,169	950	1,040	826	216	364	360	0	14,000

Production Schedule

The annual ore production rate of 990,000 tonnes (including ore from development and stopes) was scheduled based on 330 mine operating days per year with three 8-hour shifts per operating day.

Criteria for scheduling production included targeting the mining blocks with higher grade ore in the early stages of mine life in order to improve project economics. The production sequence of the mining blocks will be from the top down. The number of mining blocks in production would vary from 8 to 10 in most production years. On average, there would be five stopes in production for drift-and-fill mining and four in production for cut-and-fill. The only room-and-pillar block would be mined in Year 9.

Table 1.6 - Production Schedule

	Unit	Year		3	4	5	6	7	8	9	10	
		1	2									
Operating Days Per Year	d/a	330	330	330	330	330	330	330	330	330	70	
Mill Feed	t	990,000	990,000	990,000	990,000	990,000	990,000	990,000	990,000	990,000	990,000	9,117,981
Grade												
Ag	g/t	214	217	217	205	183	182	177	167	148	137	189
Au	%	0.171	0.169	0.158	0.157	0.150	0.157	0.151	0.138	0.079	0.076	0.146
Pb	%	0.194	0.194	0.146	0.148	0.120	0.189	0.235	0.242	0.263	0.372	0.196
Zn	%	0.584	0.614	0.506	0.541	0.483	0.487	0.615	0.595	0.637	0.709	0.566

Mineral Processing and Metallurgical Testing

Four main metallurgical testing programs were carried out on the multiple metal (silver/lead/zinc) mineralization samples from the Fuwan silver deposit in Guangdong province, China. Samples from different drill holes were composited for the metallurgical testing programs. The test work includes ore hardness determination, mineralogical determination, flotation concentration, gravity separation, hydrometallurgical process, and ancillary tests including settling tests and acid base accounting (ABA) tests.

The dominant supplied minerals in the mineralization are: pyrite, sphalerite, galena, argentiferous tennantite, tetrahedrite, miargyrite, proustite-pyrargyrite, marcasite, native gold, bournonite, stephanite, chalcopyrite, and covellite.

The flotation tests included open batch flotation condition optimization tests, locked cycle tests, and variability tests. The tests indicated that the mineralization responded well to conventional differential flotation: silver-lead flotation followed by zinc flotation. Although silver hydrometallurgical extraction was high when the head samples or the concentrate samples were pre-treated by roasting and ultrafine regrinding, the hydrometallurgical processes had not been considered in the study due to high operating costs and potential environment issues.

A 3,000 tonnes per day process plant has been designed for the Fuwan Project to process silver bearing lead and zinc sulphide mineralization. The process plant would operate 330 days per year at an annual process rate of 990,000 tonnes per day on a three shifts per day basis. Overall process plant availability would be approximately 90%.

The run-of-mine (ROM) from the underground mine would be crushed by an 800 mm by 1,100 mm jaw crusher to 80% passing 150 mm, and then ground to 80% passing 100 µm in a semi-autogenous grinding ("SAG") (SAG, 5.5 m Dia x 3.0 m Effective Grinding Length ("EG"), Power of 1,250 kW)-ball mill (3.96 Dia x 6.56 L, 1,650 kW)-pebble crushing circuit ("SABC"). The silver, lead, and zinc minerals would be recovered by a conventional differential flotation process as follows:

- silver-lead bulk would be subject to rougher flotation followed by zinc rougher flotation;
- the silver-lead rougher flotation concentrate would be reground and subject to three stages of cleaner flotation; and
- the zinc rougher flotation concentrate would be upgraded by three stages of cleaner flotation, without regrinding.

The tailings produced from the zinc rougher scavenger flotation circuit would be sent to the TSF (as defined below) for the storage and to the underground mine for hydraulic backfilling. The produced silver-lead concentrate and zinc concentrate would be thickened and then pressure filtered separately prior to being transported to smelters. Depending on the lead head grade, the silver-lead concentrate may be further processed to produce a silver concentrate and a lead-silver concentrate.

The average dry concentrate production is forecasted to be as follows:

- silver-lead concentrate – 15,900 tonnes per annum, including:
 - 154,700 kilograms per annum (4,975,000 ounces per annum) silver
 - 1,600 tonnes per annum lead

- zinc concentrate – 9,300 tonnes per annum average, including:
 - 4,700 tonnes per annum zinc
 - 15,400 kilograms per annum (495,400 ounces per annum) silver.

Tailings Management Facility

The Fuwan Project includes development of a new proposed land-based tailing storage facility (the "TSF") to store up to 2.6 million m³ of the tailings. The tailings would be the fine fraction classified from the flotation tailings. The TSF would be developed in two stages:

- Stage 1 Facility - capable of storing initial 8.3 years of tailings deposition through three dam raises; and
- Stage 2 Final Facility – capable of storing additional 0.9 years of tailings deposition by either raising the Stage 1 Facility or using on-land storage in a separate facility.

The cost estimates assume that raising the Stage 1 TSF dam (subject design) to accommodate additional 0.9 years of tailings deposition is feasible. However, this is to be confirmed by subsequent geotechnical and hydrogeological investigations.

Essentially the TSF dam would be a 56 m high earth/rock fill structure with a 6 m wide crest and composite HFPE / clay core lining (Zone 1 / Zone 2) on the upstream slope. The high-density polyethylene membrane would be protected by woven bags filled with tailings (Zone 1).

The dam would be constructed in three stages:

- Stage 1 (3.1 years storage capacity) would be 38 m high with crest at El. 61 m;
- Stage 2 (2.7 years storage capacity) would add additional 10 m bringing the dam crest to El. 71 m; and
- Stage 3 (2.5 years of storage capacity) would add another 8 m for the final crest at El. 79 m.

Storm water around the TSF will be managed using the following structures:

- a perimeter diversion ditch; and
- a decant tower and pipe.

The subject TSF designs have been developed in between the prefeasibility and feasibility levels. Detailed geotechnical engineering analyses have not been completed and this may have a potential impact on the current design and cost estimate accuracy because of potential design modifications to be developed when the results of geotechnical and hydrogeological investigations and laboratory testing have become available. A geotechnical engineering analysis should be conducted to confirm the design before the next phase of engineering.

There is a need to identify the location for storing the tailings produced during the rest of the 0.9 years of tailing deposition. The potential use of the tailings for making bricks to be included in local infrastructure projects should be further studied and confirmed.

Infrastructure and Ancillary Facilities

The project site is close to the town of Fuwan, which has a well-developed paved village level road network. The town is accessible by paved public highways to Guangzhou and other major cities. The haulage distance between the mine site and the Shanshui railway station, which connects the main stations, Guangzhou station and Zhanjiang station, is approximately 26 km. The deposit is adjacent to the Xijiang river which is accessible to an international waterway in the South China Sea via the Zhujiang river.

Electrical power, water, telephone service, and supplies are available in the town of Fuwan.

The proposed mine site is large enough to accommodate proposed processing facilities, surface service facilities, waste rock storage areas, as well as an approximately 8.3-year tailing surface storage pond. The surface service facilities would include administration buildings, a workshop, an explosive magazine, power and water supply facilities, a backfill station, a waste water treatment facility and haulage road system.

All buildings of the project would be new and built according to the Chinese construction codes. Power to the project would be provided via an existing 110 kilovolt utility substation located in Fuwan town, approximately 4 km from the mine. NERIN and Minco Silver have contact the Fushan Power Supply Company of the South Grid and at the time of the feasibility study confirmed that the Fushan substation has sufficient capacity to provide power to the Fuwan mining project.

This substation presently has a single incoming transmission line and would provide a single 35 kV power line to the mining project. The external 35 kilovolt power line would be provided by the electrical utility to the mine site. At the mine, a step-down substation (35 kilovolt /10 kilovolt) would be established consisting of equipment and facilities necessary to service the connected mine loads.

Environmental

Background

At the time of writing the ESHIA Report, project design was at the feasibility stage and hence some mine design details were not available to the Environmental Social and Health Impact Assessment (the "ESHIA") team and others were subject to change based on the evolving understanding of the geometry and grade distribution of the ore body (and hence mine plan) and technical issues relating to ore processing and site facilities' configuration. There is, therefore, some uncertainty with respect some ESHIA Report findings and it is likely that further baseline investigations (as recommended in the ESHIA Report) and continuing work on the mine design will necessitate future revision of the ESHIA Report, likely in the form of an addendum, or of the Environmental, Socio-Economic and (Community) Health Management Plan in respect of the project.

Project Setting

The mine site area is typified by commercial plantation and secondary re-growth forest with some grassland areas. Numerous fish ponds are also located close to the mining and associated surface facility areas, the nearest of which is the Nankeng Reservoir, southeast of the TSF (Figure 1.4). Plantation forests and fish ponds represent primary and secondary income sources, respectively, for local communities. There are seven villages within one kilometer of the site as depicted in Figure 1.5.

Figure 1.4 Land Uses

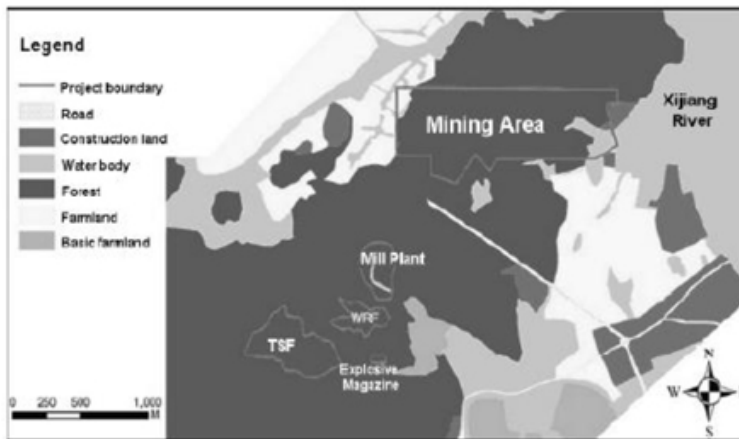
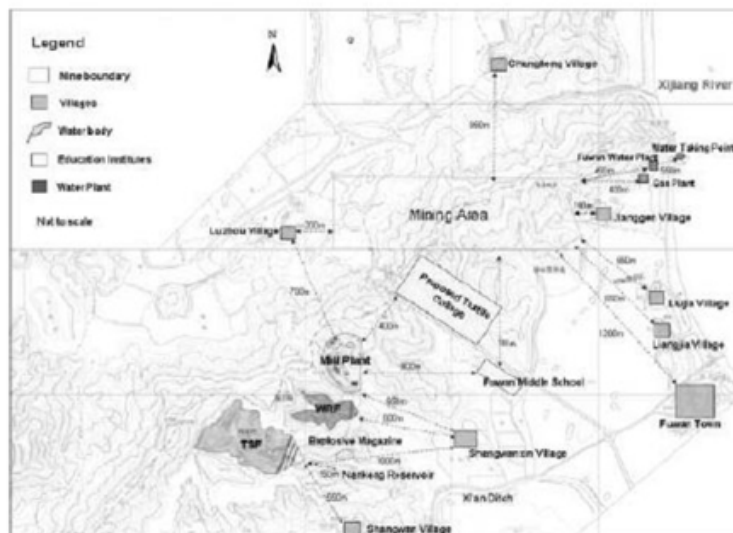


Figure 1.5 Nearby Villages



ESHIA Findings

The ESHIA process assessed the project for all phases of its life cycle namely, development, operations and decommissioning. Broadly, the project has been assessed to not result in significant environmental, socioeconomic or community health impacts, assuming that industry best process practice is implemented during execution and that additional control measures recommended within the ESHIA are satisfactorily implemented during all project phases.

The only issues where statutory limits have been predicted to be exceeded are in relation to dust and transport vehicle night time noise emissions at Shangwanxin Village. These impacts can, however, be adequately mitigated by wetting down the access road during dry and windy conditions and night time prohibition of transportation movement along the access road.

Notwithstanding the above, there are some aspects of the mine design and proposed development for which further investigation is considered warranted to be able to fully understand the environmental, socio-economic and (community) health issues and to confirm that there is no significant risk to receptors. These are summarized in the following sections.

Mine Blasting

The area to be mined is in close proximity to Luzhou and Jianggen Villages and a proposed textile college site. Underground blasting in areas close to these receptors may result in plumb vibration levels that cause shaking of existing buildings or buildings that may be erected in the near future (i.e. within the college site). It was recommended that this risk be further evaluated and a blasting plan developed that prescribes and limits the weight of explosives, the number of holes to be blasted in a single shot and the time delay between blast shots to ensure that no adverse effects are caused.

Waste Rock and Tailings Storage Facilities

Laboratory tests have demonstrated that tailings and waste rock have traces of heavy metals and have a low potential to generate acid drainage.

A geotechnical survey of the TSF and water storage facility ("WSF") areas has yet to be conducted.

Geotechnical survey data from the mining area suggests, however, that the permeability of soil and rock in the general area is highly variable. There is, therefore, some uncertainty regarding whether groundwater resources would be at risk from any leached metals or acid drainage from the TSF and WSF.

It is recommended that a geotechnical survey be undertaken to determine the permeability of TSF and WSF basement strata and, if found to be permeable, that natural (e.g. compacted clay) liners be introduced. It is also recommended that groundwater monitoring wells be installed down hydraulic gradient of the facilities and that these be sampled twice-yearly to confirm whether or not leaching of metals into groundwater or acid drainage is occurring. These monitoring wells can also be used during decommissioning.

Groundwater Drawdown

Groundwater that enters the mine void would be collected in a series of sumps and will be pumped to the surface for treatment and subsequent re-use in the process plant or disposal to the Xi'an Ditch.

The project geotechnical report states that the maximum groundwater drawdown depth will be 283.83 m and that the permeability coefficient will be 0.6815 m/day. The affected area would, therefore, have a diameter of 2,343 m. Groundwater drawdown may result in surface subsidence, cave-ins or fracturing.

Existing groundwater wells within Shanwanxin and Jianggen Villages are within the predicted groundwater drawdown area and, hence, groundwater availability may be affected by drawdown. As tap water has been provided to these villages, their reliance on the groundwater wells for potable water has decreased. Fish ponds in Shangwanxin Village are, however, recharged using groundwater and hence may be affected if insufficient groundwater is available due to drawdown.

It is recommended that additional investigations into groundwater drawdown be conducted, including a water balance study that assesses recharge rates against predicted draw down rates. The identified potential effects of drawdown should be further quantified where possible.

Geological Hazards – Surface Cave-In

Geological hazards in the mining area include landslides and surface cave-ins. There were a total of 19 sites where geological hazards in the past have been identified, including eight landslide sites and 11 cave-in sites. Among these, one landslide site and two collapse sites are defined as medium-severity and are in an unstable state.

The three sites are respectively located near the Fuwan Water Plant, Gaoming-Gaoyao road and the mouth of the valley of the proposed Waste Rock Facility.

While the progressive backfilling of mine voids will assist in maintaining ground stability, it has been recommended that additional work be undertaken to better understand the geotechnical state of ground above the proposed underground mine prior to the commencement of underground mining activities. The geo-technical survey should be aimed at identifying areas that may be prone to subsidence or cave-in and to determine what third party properties would be at risk in such a scenario.

III. CURRENT DEVELOPMENT

Combination of Fuwan Silver Project and Changkeng Gold Project

During the year ended December 31, 2017, the Company continued the process of combining the Fuwan Silver Project and the Changkeng Gold Project, which adjoins the Fuwan Silver Project. The Company and its business partners are currently reviewing the combination plan, including the determination of the percentage ownership of the Company and minority shareholders in the combined Fuwan-Changkeng project

Permitting

Following is a summary of the material progress made in permitting of the Fuwan Silver Project:

- 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. This Mining Area Permit expires in April 2018 and the Company has submitted the application to renew this Mining Area Permit as normal course.
- The development plan of the combined Fuwan Silver Project and Changkeng Gold Project has been completed and is ready for submission to MOLAR.
- The latest EIA report for the combined Fuwan-Changkeng Project has been submitted to the government for approval.

ITEM 4A UNRESOLVED STAFF COMMENTS

There are no unresolved comments between the Company and the staff of the SEC's Division of Corporation Finance.

ITEM 5 OPERATING AND FINANCIAL REVIEW AND PROSPECTS

This discussion and analysis of the operating results and the financial position of the Company for the financial years ended December 31, 2017, 2016 and 2015 should be read in conjunction with the Company's consolidated financial statements and the related notes of the same years.

A. OPERATING RESULTS**Results of Operations****For the years ended December 31, 2017 and 2016**

Year ended December 31,	2017	2016	Year to year change 2017-2016
	\$	\$	\$
Realized gain from investments at fair value	46,991	-	46,991
Loss from investments at fair value	(1,860,185)	(990,000)	(870,185)
Operating expenses	(1,240,940)	(595,106)	(645,834)
Other income (expenses)	(243,444)	8,802,174	(9,045,618)
Net income (loss) for the year	<u>(3,297,578)</u>	<u>7,217,068</u>	<u>(10,514,646)</u>

Refer the subsection "Operating expense" and "Finance and other income (expense)" below for year to year movement.

The Company was an exploration company until November 11, 2016, when the Company completed the COB and began investing in privately and publicly traded companies. As a result, the gain and loss from its investments at fair value was higher in 2017.

The amount of gain and loss of the investments depends on the performance of the entities the Company invests in and will fluctuate from time to time depends on many factors, including but not limited to the overall economy, foreign exchange rate, metal price, that are not controlled by the Company.

For the years ended December 31, 2016 and 2015

Year ended December 31,	2016	2015	Year to year change 2016-2015
	\$	\$	\$
Operating expenses	(595,106)	(2,273,317)	1,678,211
Other income (loss)	8,802,174	16,593,873	(7,791,699)
Net income (loss) for the year	<u>7,217,068</u>	<u>14,320,556</u>	<u>(7,103,488)</u>

Refer the subsection "Operating expense" and "Finance and other income (expense)" below for year to year movement.

Operating expenses**Operating Expenses for the year ended December 31, 2017, 2016 and 2015**

The following table is a summary of the Company's operating expenses for the years ended December 31, 2017, 2016 and 2015:

	ref	Year to year change				
		2017	2016	2015	2017- 2016	2016- 2015
		\$	\$	\$	\$	\$
Accounting and audit	a	88,646	99,959	152,777	(11,313)	(52,818)
Amortization		2,951	3,362	34,781	(411)	(31,419)
Consulting		76,767	61,537	78,267	15,230	(16,730)
Directors' fees		64,500	59,138	73,124	5,362	(13,986)
Exploration costs	b	-	217,110	793,081	(217,110)	(575,971)
Gain on legal settlement	c	-	(530,789)	(51,745)	530,789	(479,044)
Gain on sale of exploration permit	c	-	(159,502)	-	159,502	(159,502)
Investor relations		11,129	12,048	37,051	(919)	(25,003)
Legal and regulatory	d	117,697	183,497	144,844	(65,800)	38,653
Office and administration	e	160,003	236,626	384,804	(76,623)	(148,178)
Property and Investment evaluation	f	126,791	179,453	81,407	(52,662)	98,046
Salaries and benefits	g	263,042	116,227	388,887	146,815	(272,660)
Share-based compensation	h	308,803	100,693	80,248	208,110	20,445
Travel and transportation		20,611	15,747	75,791	4,864	(60,044)
		<u>1,240,940</u>	<u>595,106</u>	<u>2,273,317</u>	<u>645,834</u>	<u>(1,678,211)</u>

Significant year to year changes are as follows:

(a) Accounting and auditing expenses decreased after 2015. The Company disposed all of its subsidiaries in 2015, resulting in a decrease in accounting and audit expenditures.

(b) The Company disposed all of its subsidiaries and kept only a receivable arising from a legal settlement and three mineral interests (Collectively the "Retained Assets") in 2015. The Company further disposed all the Retained Assets in 2016. Consequently the exploration expense was highest in 2015 and was \$nil in the current year.

(c) The gain on legal settlement and sale of exploration permit recorded in 2015 and 2016 are the proceeds from the disposition of the Retained Assets. There were no gains and losses reported in 2017 as all the Retained Assets were disposed of in 2016.

(d) Legal and regulatory was higher in 2016 as the Company incurred additional cost in connection with the COB.

(e) Office and administration was lower in 2017 and 2016 as the Company disposed all of its operating subsidiaries in the third quarter of 2015.

(f) The Company engaged a new consultant (Ken Leigh) in late 2015 to look for the new properties and investment opportunities. As a result, property investigation expenses were higher in 2016 compared to 2015. Mr. Leigh was hired as President of the Company in June 2017, resulting in a re-classification of his remuneration to "Salaries and Benefits." As a result, the Company's property investigation fees in 2017 were lower compared to 2016.

(g) Salaries and benefits in 2016 were lower than 2015 as the Company disposed all subsidiaries in the July 2015. Salaries and benefits in 2017 were higher than 2016 as the Company hired a new President commencing June 2017.

(h) Share-based compensation fluctuated from year to year depending on the timing and fair value of options vested in each year. The number of options granted in 2017 and 2016 were 2,400,000 and nil, respectively.

Finance and other income (expense)

The following table is a summary of the Company's finance and other income (expenses) for the years ended December 31, 2017, 2016 and 2015:

	2017	2016	2015	Year over year changes	
				2017 - 2016	2016 - 2015
	\$	\$	\$	\$	\$
Share of gain (loss) from equity investment in Minco Silver (i)	-	(408,225)	1,259,391	408,225	(1,667,616)
Gain on investment at fair value (ii)	-	9,399,970	-	(9,399,970)	9,399,970
Finance income	39,390	62,394	64,819	(49,753)	(2,425)
Gain on sale of Minco Resources (iii)	-	-	15,060,170	-	(15,060,170)
Foreign exchange gain (loss) (iv)	(282,834)	(153,066)	209,493	177,588	(362,559)
Dilution loss	-	(98,899)	-	98,899	(98,899)
Total other income (loss)	<u>(243,444)</u>	<u>8,802,174</u>	<u>16,593,873</u>	<u>(8,765,011)</u>	<u>(7,791,699)</u>

(i) Before the COB, the Company accounted for its investment in Minco Silver using the equity method throughout 2015 and from January 1 to November 11, 2016. Thus, Minco Gold included (\$408,225) and \$1,259,391 in 2016 and 2015, respectively to account for the share of Minco Silver's after tax income on a pro-rata basis (based on percentage ownership interest). The Company ceased to apply the equity method effective as of November 11, 2016 and as such, no shared income or loss from Minco Silver was included in the current year.

(ii) As discussed above and herein, the Company began measuring its investment in Minco Silver at fair value on November 11, 2016. As a result, the Company recognized a gain of \$9,399,970 to account for the difference between the fair value at the year end and the carrying value on November 11, 2016.

(iii) The Company sold all its subsidiaries in 2015 and recorded a gain of \$15,060,170 in 2015. There were no similar dispositions in 2017 and 2016.

(iv) The Company had foreign exchange gain (loss) in 2017, 2016 and 2015. Some of the Company's cash and short-term investment are denominated in US dollars. Appreciation/depreciation of the US dollar against the Canadian dollar may result in a foreign exchange gain (loss) from time to time.

Summary of quarterly results (unaudited)

The results of the Company's recent eight quarters are as follows:

	2017				2016			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
	\$	\$	\$	\$	\$	\$	\$	\$
Gain (loss) on investments at fair value	337,865	(3,221,925)	(2,611,968)	3,682,834	(990,000)	-	-	-
Operating expenses	330,688	278,059	339,331	292,862	199,526	266,312	(227,524)	356,792
Income (loss) from operations	7,177	(3,499,984)	(2,951,299)	3,389,972	(1,189,526)	(266,312)	227,524	(356,792)
Foreign exchange gain (loss)	24,522	(155,351)	(112,928)	(39,077)	100,473	72,739	15,411	(341,689)
Gain on becoming an investment entity	-	-	-	-	9,399,970	-	-	-
Finance and other income	3,077	8,276	8,932	9,542	14,308	15,465	16,060	16,561
Dilution gain (loss)	-	-	-	-	(4,421)	(27,353)	(57,940)	(9,185)
Share of income (loss) from equity investment in Minco Silver	-	-	-	-	36,158	(8,707)	(46,060)	(389,616)
Net income(loss) for the period	44,339	(3,647,059)	(3,055,295)	3,360,437	8,356,962	(214,168)	154,995	(1,080,721)
Other comprehensive income (loss)	-	-	-	-	(1,544,463)	149,744	(445,845)	(923,376)
Comprehensive income (loss) for the period	44,339	(3,647,059)	(3,055,295)	3,360,437	6,812,499	(64,424)	(290,850)	(2,004,097)
Earnings (loss) per share - basic	0.00	(0.07)	(0.06)	0.07	0.16	(0.00)	(0.00)	(0.02)
Earnings (loss) per share - diluted	0.00	(0.07)	(0.06)	0.06	0.16	(0.00)	(0.00)	(0.02)
Weighted average number of shares outstanding - basic	50,733,381	50,733,381	50,733,381	50,733,381	50,687,496	50,732,729	50,699,843	50,583,029
Weighted average number of shares outstanding - diluted	50,733,381	50,733,381	50,733,381	50,736,715	52,556,715	50,732,729	50,699,843	50,583,029

IMPACT OF FOREIGN CURRENCY FLUCTUATIONS

As at December 31, 2017, the Company had cash of \$3.6 million and investment at fair value of \$0.48 million that were denominated in US dollar. A 10% change in the foreign exchange rate (US\$ to C\$) will affect the Company's net loss by approximately \$0.41 million. The Company does not have currency hedge for its foreign exchange exposure.

INFLATION

The Company does not believe that inflation has had or will have a material effect on its financial condition. However, no assurance can be given that the Company will not experience a material adverse effect on its financial condition due to a substantial increase in inflation.

GOVERNMENTAL, ECONOMIC, FISCAL, MONETARY, POLITICAL POLICIES

The Company does not believe there are changes in governmental economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the company's operations or investments in Canada, China or Peru.

B. LIQUIDITY AND CAPITAL RESOURCES**Cash Flow**

	Year ended December 31,	
	2017	2016
	\$	\$
Operating activities	(648,874)	(1,419,468)
Investing activities	(1,082)	530,000
Financing activities	<u>-</u>	<u>38,787</u>

Operating activities

During 2016, the Company received \$550,000 from the redemption of short-term investment, and such transaction was included in investing activities. As the Company changed its business in November 2016, purchase and redemption of short-term investments were included in the Company's operating activities in 2017.

After adding back \$550,000 to the use of cash in operating activities in 2016 for comparison purposes, the Company used cash of \$648,874 and \$869,468 in 2017 and 2016, respectively. The smaller use of cash reflects management's efforts in controlling the operating costs of the Company.

Financing activities

The Company did not have significant financing activities in either 2017 or 2016.

Capital Resources and Liquidity Risk

As at December 31, 2017, the Company's working capital was \$17,526,777 compared to \$20,488,701 on December 31, 2016. The Company's operations were financed by its working capital during 2017.

The Company believes there is sufficient working capital available to meet its current operational requirements.

The Company does not have plans to raise further capital in the next twelve months.

C. RESEARCH AND DEVELOPMENT, PATENTS AND LICENSES

The Company does not engage in research and development activities and does not have any patents or licenses.

D. TREND INFORMATION

The Company's principal business is investing in public and private entities, thus information regarding trends in production, sales and inventory and similar are not meaningful.

E. OFF-BALANCE SHEET ARRANGEMENTS

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

F. TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS

The Company has contractual commitments requiring payments in the amounts as follows, as at December 31, 2017:

Contractual obligations	Total \$	Less than 1 year \$	2 to 3 years \$	4 to 6 years \$
Operating leases	<u>258,045</u>	<u>53,429</u>	<u>91,798</u>	<u>112,818</u>

G. SAFE HARBOR

We intend that all forward-looking statements we make will be subject to safe harbor protection of the federal securities laws pursuant to Section 27A of the *Securities Act of 1933*, as amended, and Section 21E of the *Securities Exchange Act of 1934*, as amended (the "Exchange Act").

Readers are referred to the Risk Factors section of this Annual Report and the various other documents filed by the Company with the relevant securities regulatory authorities, specifically the most recent quarterly reports, annual report and material change reports, each as it may be amended from time to time, which identify important risk factors that could cause actual results to differ from those contained in the forward-looking statements.

ITEM 6. DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**A. DIRECTORS AND SENIOR MANAGEMENT**

The following table sets forth all current directors and executive officers of the Company as of December 31, 2017 and April 30, 2018, with each position and office held by them with the Company, their terms of office and the period of service as such. Each director's term of office expires at the next annual general meeting of shareholders, to be held in 2018. The Company is not party to any arrangement or understanding with a major shareholder, customer, supplier or others, pursuant to which any person referred to below was selected as a director or member of senior management.

<u>Name</u>	<u>Present Position</u>
Ken Z. Cai	CEO and Director
Kenneth Leigh	President
Robert Callander ⁽¹⁾⁽²⁾⁽³⁾	Director
Michael Doggett ⁽¹⁾⁽²⁾⁽³⁾	Director
Malcolm Clay ⁽¹⁾⁽³⁾	Director
Michael Durose ⁽²⁾	Director
Larry Tsang	Chief Financial Officer

Notes:

- (1) Member of the Audit Committee
 (2) Member of the Compensation Committee
 (3) Member of the Nominating Committee

The business background and principal occupations of the Company's officers and directors are as follows:

Ken Z. Cai***Chief Executive Officer and Director***

Dr. Cai, age 54, has served as president until June 2017, chief executive officer and a director of the Company since February 29, 1996. Dr. Cai holds a Ph.D. in mineral economics from Queen's University in Kingston, Ontario. Dr. Cai has 28 years' experience in mineral exploration, project evaluation, corporate financing and company management. Dr. Cai is also currently the Chief Executive Officer and a director of Minco Base Metals and Minco Silver.

Kenneth Leigh***President***

Mr. Leigh, age 55, has more than 27 years of experience in the mining industry, including business development, financial analysis of mining projects, exploration management, corporate development and executive leadership. He has spent the past six years working as an independent corporate/business development consultant. Previously, he served as President and Chief executive officer of Commander Resources Ltd. for seven years and prior to that, worked in exploration and business development with Teck Resources for 13 years. Mr. Leigh holds a bachelor of science from the University of Toronto and a master of science from the University of Western Ontario.

Robert Callander***Director***

Mr. Callander, age 72, has been a director of the Company since August 1996. He holds an MBA from York University in Toronto, Ontario, as well as a Chartered Financial Analyst accreditation from the Institute for Investment Management, Charlotte, Virginia. Mr. Callander has worked for Caldwell Securities Ltd. since 1992 and currently serves as a vice-president with that firm. Prior to his engagement with Caldwell Securities Ltd., Mr. Callander served as a corporate finance analyst with Burns Fry Ltd.

Michael Doggett***Director***

Dr. Doggett, age 56, has been a director since July 2007. Dr. Doggett is the President of El Olivar Imperial, a private company engaged in tailings reprocessing and custom milling in Peru. He is also Principal Consultant at Beach Meadows Resources Inc., based in Vancouver, where he consults to a wide range of mining and exploration companies and has provided training in exploration and project evaluation to more than 2000 industry participants in a dozen countries. Dr. Doggett holds degrees in geology and mineral economics from Mount Allison University and Queen's University where he continues to teach as an Adjunct Professor in the Department of Geological Sciences and Geological Engineering. He serves on the Board of Directors at the Mineral Deposits Research Unit (MDRU) at the University of British Columbia as well as sitting as a Director of Pacific Link Mining Corp., and as an advisor to two international investment groups.

Malcolm F. Clay
Director

Mr. Clay, age 76, was appointed a director of the Company and Chairman of the Audit Committee on November 16, 2007. Mr. Clay is a Chartered Professional Accountant (FCPA) and was a partner of KPMG and its predecessor firms for 27 years, retiring in 2002. As a public accountant, he served as lead audit or concurring partner for public companies listed on both American and Canadian exchanges. He was the Partner-in-Charge of the KPMG Vancouver Audit practice for ten years. In 1997, he was elected as the non-executive Chairman of KPMG Canada. During his career he acted as an accountant and advisor for numerous private companies and is currently the Chairman of the audit committee for three TSX-V-listed companies. He currently serves as a director of Hanwei Energy Services Corp., and GreenPower Motor Company.

Michael Durose (MSc, P.Geo.)
Director

Mr. Durose, age 52, was appointed to the Board of Directors of Minco Gold Corporation on May 3, 2017. He founded Mining Research Group Inc. in 2012 where he researches and advises on mining and resource-related investments. He also established Durose Asset Management Inc., a Fund Manager, Portfolio Manager and Exempt Market Dealer registered in the Province of Ontario, Canada. Mr. Durose has extensive Capital Markets experience as a senior mining analyst and advisor to investment funds principally with Morgan Stanley, Bunting Warburg (now UBS Canada), Nesbitt Burns (now BMO Capital Markets Inc.), and Scotia Capital. His mining research has been widely disseminated to institutional investors globally and he has traveled extensively visiting mining projects in North America, Central America, South America, Europe, Russia, Africa, Australia and Asia. Prior to working in capital markets, Mr. Durose worked as an exploration geologist in the Canadian base metal and gold industries.

Larry Tsang
Chief Financial Officer

Larry Tsang, CPA, CA age 60, Mr. Tsang acted as Interim Chief Financial Officer of the Company from January 14, 2016 to January 31, 2017 and became the CFO of the Company on February 1, 2017. Mr. Tsang holds a Bachelor's Degree in Technology (Accounting) from British Columbia Institute of Technology in Canada and served as a senior accountant for four years with Ernst and Young LLP, Vancouver, Canada. His experience includes more than 12 years working in auditing, accounting, taxation, and finance for both private and public companies. Mr. Tsang is currently the CFO of Minco Base Metals Corporation and Minco Silver Corporation.

Directors and officers of the Company are required to file insider reports with the System for Electronic Disclosure by Insiders ("SEDI") at www.sedi.ca and file their reports individually. To the best of the Company's knowledge, as at December 31, 2017, the directors and officers of the Company, as a group, beneficially owned, directly or indirectly, 4,945,513 common shares of the Company, representing approximately 9.75% of the issued and outstanding common shares of the Company.

Family Relationships

There are no family relationships between any of our directors and executive officers.

B. COMPENSATION

Executive Officers

The following table provides a summary of compensation charged by senior management during the year ended December 31, 2017:

Name and principal position	Year	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) ⁽³⁾	Annual non-equity incentive plan compensation (\$)	Pension value (\$)	All Other Compensation (\$)	Total Compensation (\$)
Ken Z. Cai								
Chairman and CEO ⁽¹⁾⁽²⁾	2017	100,542	N/A	88,092	-	N/A	8,458(4)	197,092
Kenneth Leigh President	2017	136,149	N/A	73,794	-	N/A	20,000	229,943
Larry Tsang CFO	2017	26,496	N/A	16,621	-	N/A	-	43,117

(1) As a management director of the Company, Dr. Cai does not collect any director's fees relating to his role as a director.

(2) Fees are paid to Sinocan Capital Limited, companies controlled by Dr. Cai.

(3) The Black Scholes valuation methodology was used to determine fair value on the date of grant.

(4) Represents life insurance premiums paid during the year.

Directors' Compensation

The following table provides a summary of compensation paid by us during the fiscal year ended December 31, 2017 to the non-management directors of the Company:

Name	Fees earned (\$)	Share-based awards (\$)	Option-based awards ⁽¹⁾ (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Robert M. Callander	15,000	N/A	41,553	Nil	N/A	Nil	56,553
Malcolm Clay	17,000	N/A	33,242	Nil	N/A	Nil	50,242
Michael Doggett	14,500	N/A	58,174	Nil	N/A	10,000	82,674
Michael Durose	8,000	N/A	23,931	Nil	N/A	Nil	31,931

(1) The Black Scholes valuation methodology was used to determine fair value on the date of grant.

Pension Plan Benefits

As of December 31, 2017, the Company did not have any defined benefit, defined contribution or deferred compensation plans for any of its senior officers or directors.

C. BOARD PRACTICES

Directors are elected annually at the annual general meeting of shareholders. The Company has no contract with any of its directors that provides for payment upon termination. The following table sets forth the date since which each current director has served as such:

Name of Director	Director Since
Ken Z. Cai	February 29, 1996
Robert Callander	August 23, 1996
Michael Doggett	July 16, 2007
Malcolm Clay	November 16, 2007
Michael Durose	May 3, 2017

Audit Committee

The Audit Committee consists of Messrs. Callander, Doggett and Clay. The Board has determined that Mr. Clay is an "audit committee financial expert" and is "independent" as such terms are used in Section 303A.02 of the NYSE Listed Company Manual. Please refer the section of this Annual Report entitled "Item 6: Directors, Senior Management and Employees - A. Directors and Senior Management" for Mr. Clay's complete bio.

The Audit Committee is a standing committee of the Board whose primary function is to assist the Board in fulfilling its oversight responsibilities relating to:

- (a) the integrity of the Company's financial statements;

- (b) the Company's compliance with legal and regulatory requirements, as they relate to the Company's financial statements;
- (c) the qualifications, independence and performance of the Company's auditor;
- (d) internal controls and disclosure controls;
- (e) the performance of the Company's internal audit function; and
- (f) consideration and approval of certain related party transactions.

Compensation Committee

The Company has a compensation committee (the "Compensation Committee"), consisting of Messrs. Callander, Doggett and Durose. The primary purpose of the Compensation Committee is to:

- (a) establish, review and recommend to the Board compensation and incentive plans and programs; and
- (b) review and approve compensation and awards under compensation and incentive plans and programs for the CEO and senior officers

with the intention of attracting, retaining and appropriately rewarding employees in order to motivate their performance in the achievement of the Company's business objectives and align their interests with the long-term interests of the Company's shareholders.

D. EMPLOYEES

As at December 31, 2017, the Company shared offices in Vancouver and shared 6 employees and consultants with Minco Silver and Minco Base Metals Corp.

E. SHARE OWNERSHIP

The following table sets forth, as at April 30, 2018, common stock held by the Company's officers and directors and all outstanding options and warrants to purchase common shares of the Company held by those individuals:

Name and Title	Common Shares Held	Percentage of Common Shares Outstanding at December 31, 2017	Stock Options Held
Ken Cai, CEO and Director	4,873,236 ⁽¹⁾	9.61%	2,390,000 ⁽²⁾
Robert Callander, Director	30,277	< 1%	1,000,000 ⁽³⁾
Michael Doggett, Director	12,000	< 1%	975,000 ⁽⁴⁾
Malcolm Clay, Director	30,000	< 1%	795,000 ⁽⁵⁾
Michael Durose, Director	Nil	Nil	500,000 ⁽⁶⁾
Ken Leigh, President	Nil	Nil	1,075,000 ⁽⁷⁾
Larry Tsang, CFO	Nil	Nil	250,000 ⁽⁸⁾
TOTAL	4,945,513	9.75%	6,985,000

Note:

- (1) 3,634,052 common shares are held by Pacific Canada Resources Inc., a private company, over which Dr. Cai exercises control or direction.
- (2) Represents 1,000,000 options exercisable at \$0.17 and which expire on January 31, 2023; 530,000 options exercisable at \$0.24 and which expire on February 6, 2022; 430,000 options exercisable at \$0.24 and which expire on September 9, 2020; 430,000 options exercisable at \$0.26 and which expire on January 17, 2019;
- (3) Represents 450,000 options exercisable at \$0.17 and which expire on January 31, 2023; 250,000 options exercisable at \$0.24 and which expire on February 6, 2022; 150,000 options exercisable at \$0.24 and which expire on September 9, 2020; 150,000 options exercisable at \$0.26 and which expire on January 17, 2019;
- (4) Represents 375,000 options exercisable at \$0.17 and which expire on January 31, 2023; 350,000 options exercisable at \$0.24 and which expire on February 6, 2022; 125,000 options exercisable at \$0.24 and which expire on September 9, 2020; 125,000 options exercisable at \$0.26 and which expire on January 17, 2019;
- (5) Represents 375,000 options exercisable at \$0.17 and which expire on January 31, 2023; 200,000 options exercisable at \$0.24 and which expire on February 6, 2022; 125,000 options exercisable at \$0.24 and which expire on September 9, 2020; 95,000 options exercisable at \$0.26 and which expire on January 17, 2019;
- (6) Represents 300,000 options exercisable at \$0.17 and which expire on January 31, 2023; 200,000 options exercisable at \$0.19 and which expire on September 11, 2022;
- (7) Represents 500,000 options exercisable at \$0.17 and which expire on January 31, 2023; 200,000 options exercisable at \$0.19 and which expire on September 11, 2022; 300,000 options exercisable at \$0.24 and which expire on February 6, 2022; 75,000 options at \$0.18 and which expire on November 20, 2020;
- (8) Represents 150,000 options exercisable at \$0.17 and which expire on January 31, 2023; 100,000 options exercisable at \$0.19 and which expire on February 6, 2022.

Stock Option Plan

The Company adopted its stock option plan (the "Option Plan") on June 27, 2017 for certain directors, employees and consultants (collectively, the "Eligible Persons") of the Company or any of its affiliates. The Option Plan provides that Options may be granted to Eligible Persons on terms determined within the limitations set out in the Option Plan. The Company has implemented a fixed plan whereby it has reserved 10,152,976 shares for issuance under the Plan. As of the date of this Annual Report, there were 7,868,334 issued and outstanding Options, representing 77.50 % of the total amount issuable under the Option Plan. Under the terms of the Option Plan, the maximum number of common shares that may be reserved for issuance to insiders of the Company as a group within any 12-month period shall not exceed 10% of the total number of issued and outstanding shares on a non-diluted basis (unless otherwise approved by the disinterested shareholders of the Company). In addition, the aggregate number of common shares issuable to insiders under the plan and any other security based compensation arrangement of the Company shall not exceed 10% of the issued and outstanding common shares of the Company. The exercise price for an Option (as such term is defined in the Option Plan) granted under the Option Plan may not be less than the Market Price (as such term is defined in the Option Plan) of the Company's common shares on the date of the grant. Options granted under the Option Plan are subject to vesting requirements. One third of the Options granted vest within six months of the grant date, one third of the Options granted vest within 12 months of the grant date and the final one third of the Options granted vest within 18 months of the grant date. Options granted under the plan may include stock appreciation rights ("SARs"). A SAR granted under the Option Plan shall entitle the Eligible Person to elect to surrender to the Company an unexercised Option, or any portion thereof, and to receive from the Company in exchange for that number of shares having an aggregate value equal to the excess of the market value of one share over the purchase price of one share specified in such Option, multiplied by the number of shares called for by the Option, or portion thereof, which is so surrendered. To date, no SARs have been issued under the Option Plan.

Options will be granted for a period which may not exceed five years from the date of grant (unless otherwise extended in accordance with the terms of the Option Plan) but will expire within 30 days of an Eligible Person ceasing to be a director, employee of or consultant to the Company in most circumstances. In cases of death, Options granted shall be exercisable by the Eligible Person's heirs or legal representatives within 12 months of the Eligible Person's death. No rights under the Option Plan and no Options awarded pursuant to the provisions of the Option Plan are assignable or transferable by any Eligible Person.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

A. MAJOR SHAREHOLDERS

As of April 30, 2018, the Company believes that 4,634,520 (approximately 9.13%) of the Company's 50,764,881 issued and outstanding common shares were held by 48 registered shareholders with addresses in the United States and (approximately 80.36%) of the outstanding commons shares were held by 40 registered shareholders with addresses in Canada.

As far as known to the Company, and except as disclosed herein, the Company is not directly or indirectly owned or controlled by another corporation(s) or by any foreign government. The following table sets forth, as of April 30, 2018, information with respect to (i) any person who is known to the Company to be the owner of more than 5% of any class of the Company's outstanding voting securities and (ii) the total amount of any class of the Company's voting securities owned by the officers and directors as a group.

Title of Class	Identity of Holder	Amount Owned	Percent of Class
Common shares	Ken Z. Cai	4,873,236	9.61% ⁽¹⁾
Common shares	IDG – Accel China Growth Fund I LP	4,662,000	9.19%
Common shares	IDG – Accel China Growth Fund II LP	378,000	0.75%

(1) 3,634,052 common shares are held by Pacific Canada Resources Inc., a private company, over which Dr. Cai exercises control or direction.

The voting rights of our major shareholders do not differ from the voting rights of holders of our Company's common shares.

To the extent known to the Company, as at April 30, 2018, the Company is not directly or indirectly owned or controlled by another corporation(s), by any foreign government or by any other natural or legal person(s).

B. RELATED PARTY TRANSACTIONS

The Company had the following transactions with the related parties for the year ended December 31, 2017.

Trust agreement with Minco Gold

During 2015, Minco Silver entered into a trust agreement with Minco Gold to hold certain receivables and mineral interest in China on behalf of Minco Gold. This trust agreement was terminated on June 30, 2017 when Minco Silver remitted the proceeds from the disposition of all of the remaining Minco Gold assets to Minco Gold that had been held in trust.

Investments

As at December 31, 2017, the Company's investments at fair value included an investment of US\$400,000 in EI Olivar. A director of the Company is also a director and officer of EI Olivar.

Shared office expenses

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

Due from related parties

As at December 31, 2017, the Company had the following amounts due from related parties:

- \$27,523 due from Minco Silver (December 31, 2016 – 205,145), in relation to share office expenses.
- \$11,422 due from MBM (December 31, 2016 - \$18,527), in relation to shared office expenses

The amounts due to and due from related parties are unsecured, non-interest bearing and payable on demand.

Key management compensation

Key management includes the Company's directors and senior management. For the years ended December 31, 2017, 2016 and 2015, compensation charged by key management is as follows:

	2017	2016	2015
	\$	\$	\$
Cash remuneration	347,686	313,016	333,729
Share-based compensation	269,737	80,702	67,405
Total	617,423	393,717	401,134

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

C. INTEREST OF EXPERTS AND COUNSEL

Not Applicable.

ITEM 8. FINANCIAL INFORMATION

Consolidated Statements and Other Financial Information

The following financial statements of the Company are attached to this Annual Report:

- Audited consolidated financial statements for the Company as at December 31, 2017 and 2016 and for the year ended December 31, 2017, with comparative figures for the years ended December 31, 2016 and 2015.

- Audited consolidated financial statements of Minco Silver Corporation as at December 31, 2017 and 2016 and for the year ended December 31, 2017, with comparative figures for the years ended December 31, 2016 and 2015.

Dividend Policy

The Company has never paid any dividends and does not intend to pay any dividends in the near future.

Legal Proceedings

There are no outstanding legal proceedings that may have significant effect on the Company's financial statements to report on.

Significant Changes

There have been no significant changes since the date of the annual financial statements included in this document.

ITEM 9. THE OFFER AND LISTING

A. Offer and Listing Details

Since February 24, 1998, the Company's common shares were listed on the TSX. The Company began trading on the NYSE MKT on November 22, 2005. The Company began trading on the Frankfurt Stock Exchange on May 9, 2007 under the trading symbol "MI5". On April 28, 2017, the Company's shares were delisted from the TSX and began trading on the TSXV on May 1, 2017 under the symbol "MMM". On January 27, 2017, the Company voluntarily delisted its common shares from the NYSE MKT and began trading on the OTCQX on January 31, 2017 under the symbol "MGHCF".

The following tables set forth the reported high and low prices of the Company's common shares for the five most recent fiscal years (Table A), each quarterly period for the past two fiscal years (Table B) and each month for the past six months (Table C on the TSX and the NYSE MKT).

Table A

High and low market price for the five most recent fiscal years.

YEAR ENDED DECEMBER 31,	TSX/TSXV (CDN\$) HIGH	TSX/TSXV (CDN\$) LOW	NYSE MKT (US\$) HIGH	NYSE MKT (US\$) LOW	OTCQX (US\$) HIGH	OTCQX (US\$) LOW
2017	0.30	0.14	-	-	0.23	0.11
2016	0.50	0.15	0.40	0.12	-	-
2015	0.39	0.14	0.32	0.12	-	-
2014	0.68	0.18	0.62	0.16	-	-
2013	0.50	0.14	0.52	0.12	-	-

Table B

High and low market prices for each quarterly period for the past two fiscal years ended December 31, 2017 and 2016.

QUARTER ENDED	TSX/TSXV (CDN\$) HIGH	TSX/TSXV (CDN\$) LOW	NYSE MKT (US\$) HIGH	NYSE MKT (US\$) LOW	OTCQX (US\$) HIGH	OTCQX (US\$) LOW
December 31, 2017	0.18	0.14	-	-	0.14	0.12
September 30, 2017	0.22	0.15	-	-	0.17	0.12
June 30, 2017	0.22	0.18	-	-	0.16	0.11
March 31, 2017	0.30	0.18	-	-	0.23	0.13
December 31, 2016	0.34	0.23	0.26	0.17	-	-
September 30, 2016	0.50	0.33	0.38	0.25	-	-
June 30, 2016	0.42	0.33	0.33	0.25	-	-
March 31, 2016	0.46	0.15	0.40	0.12	-	-

Table C

High and low prices for each month for the past six months.

MONTH/YEAR	TSXV (CDN\$) HIGH	TSXV (CDN\$) LOW	OTCQX (US\$) HIGH	OTCQX (US\$) LOW
March 2018	0.17	0.15	0.13	0.11
February 2018	0.18	0.16	0.14	0.12
January 2018	0.19	0.17	0.14	0.13
December 2017	0.18	0.17	0.14	0.13
November 2017	0.18	0.16	0.14	0.12
October 2017	0.18	0.14	0.15	0.12

B. Plan of Distribution

Not applicable.

C. Markets

Please refer to item 9.A's description of the markets on which Minco Gold stock trades.

ITEM 10. ADDITIONAL INFORMATION**A. SHARE CAPITAL**

Not Applicable.

B. MEMORANDUM AND ARTICLES OF ASSOCIATION

Our Articles of Incorporation (our "Articles") do not contain a description of our objects and purposes.

Our Articles restrict a director's power to vote on a proposal, arrangement or contract in which the director is materially interested unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution. There is no mandatory retirement age for our directors and our directors are not required to own securities of our company in order to serve as directors.

Our authorized capital consists of an unlimited number of common shares without par value.

Holders of our common shares are entitled to vote at all meetings of shareholders, receive any dividend declared by us and, subject to the rights, privileges, restrictions and conditions attaching to any other class of shares, receive the remaining property of our company upon dissolution.

Subject to the *Business Corporations Act* (British Columbia), the Company may by special resolution: (i) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or (ii) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

Each director holds office until the expiry of his term or until his successor is elected or appointed, unless his office is earlier vacated in accordance with our Articles or with the provisions of the *Business Corporations Act* (British Columbia). At each annual meeting of our company, directors are elected to hold office until the next annual meeting of shareholders. A director appointed or elected to fill a vacancy on the Board holds office until the next annual general meeting of shareholders.

An annual meeting of shareholders must be held at such time in each year that is not later than fifteen months after the last preceding annual meeting and at such place as our Board may from time to time determine. The holders of not less than five percent of our issued shares that carry the right to vote at a meeting may requisition our directors to call a meeting of shareholders for the purposes stated in the requisition. The quorum for the transaction of business at any meeting of shareholders is two shareholders, or one of more proxyholders representing two shareholders, or one shareholder and a proxyholder representing another shareholder. Only persons entitled to vote, our directors and auditors and others who, although not entitled to vote, are otherwise entitled or required to be present, are entitled to be present at a meeting of shareholders.

Except as provided in the *Investment Canada Act*, there are no limitations specific to the rights of non-Canadians to hold or vote our common shares under the laws of Canada or British Columbia, or in our charter documents. See the section of this Annual Report entitled "Exchange Controls" below for a discussion of the principal features of the *Investment Canada Act* for non-Canadian residents proposing to acquire our common shares.

Our Articles do not contain any provisions governing the ownership threshold above which shareholder ownership must be disclosed or any provisions that would prevent a change of control of the Company.

Our Articles are not significantly different from the requirements of the *Business Corporations Act* (British Columbia), and the conditions imposed by our Articles governing changes in capital are not more stringent than what is required by the *Business Corporations Act* (British Columbia).

C. MATERIAL CONTRACTS

The Company did not enter into any material contracts not in the ordinary course of business during the two most recent financial years.

D. EXCHANGE CONTROLS

Except as provided in the *Investment Canada Act*, there are no limitations specific to the rights of non-Canadians to hold or vote our common shares under the laws of Canada or British Columbia or in our charter documents. The following summarizes the principal features of the *Investment Canada Act* for non-Canadian residents proposing to acquire our common shares.

This summary is of a general nature only and is not intended to be, and should not be construed to be, legal advice to any holder or prospective holder of our common shares, and no opinion or representation to any holder or prospective holder of our common shares is hereby made. Accordingly, holders and prospective holders of our common shares should consult with their own legal advisors with respect to the consequences of purchasing and owning our common shares.

The *Investment Canada Act* governs the direct or indirect acquisition of control of an existing Canadian business by non-Canadians. Under the *Investment Canada Act*, non-Canadian persons or entities acquiring "control" (as defined in the *Investment Canada Act*) of a corporation carrying on business in Canada are required to either notify, or file an application for review with, Industry Canada, unless a specific exemption, as set out in the *Investment Canada Act*, applies. Industry Canada may review any transaction which results in the direct or indirect acquisition of control of a Canadian business, where the gross value of corporate assets exceeds certain threshold levels (which are higher for investors from members of the World Trade Organization, including United States residents, or World Trade Organization member-controlled companies) or where the activity of the business is related to Canada's cultural heritage or national identity. No change of voting control will be deemed to have occurred, for purposes of the *Investment Canada Act*, if less than one-third of the voting control of a Canadian corporation is acquired by an investor. In addition, the *Investment Canada Act* permits the Canadian government to review any investment where the responsible Minister has reasonable grounds to believe that an investment by a non-Canadian could be injurious to national security. No financial threshold applies to a national security review. The Minister may deny the investment, ask for undertakings, provide terms or conditions for the investment or, where the investment has already been made, require divestment. Review can occur before or after closing and may apply to corporate re-organizations where there is no change in ultimate control.

If an investment is reviewable under the *Investment Canada Act*, an application for review in the form prescribed is normally required to be filed with Industry Canada prior to the investment taking place, and the investment may not be implemented until the review has been completed and the Minister responsible for the *Investment Canada Act* is satisfied that the investment is likely to be of net benefit to Canada. If the Minister is not satisfied that the investment is likely to be of net benefit to Canada, the non-Canadian applicant must not implement the investment, or if the investment has been implemented, may be required to divest itself of control of the Canadian business that is the subject of the investment. The Minister is required to provide reasons for a decision that an investment is not of net benefit to Canada.

Certain transactions relating to our common shares will generally be exempt from the *Investment Canada Act*, subject to the Minister's prerogative to conduct a national security review, including:

- (a) the acquisition of our common shares by a person in the ordinary course of that person's business as a trader or dealer in securities;
- (b) the acquisition of control of our Company in connection with the realization of security granted for a loan or other financial assistance and not for a purpose related to the provisions of the *Investment Canada Act*; and
- (c) the acquisition of control of our Company by reason of an amalgamation, merger, consolidation or corporate reorganization following which the ultimate direct or indirect control in fact of our Company, through ownership of our common shares, remains unchanged.

E. TAXATION

Canadian Federal Income Tax Consequences

The following summarizes the principal Canadian federal income tax consequences applicable to the holding and disposition of common shares in the capital of the Company by a United States resident who holds common shares solely as capital property (a "US Holder", as defined below). This summary is based on the current provisions of the *Income Tax Act* (Canada) (the "Tax Act"), the regulations thereunder, all amendments thereto publicly proposed by the government of Canada, the published administrative practices of Canada Revenue Agency, and the current provisions of the Canada-United States Income Tax Convention, 1980, as amended (the "Treaty").

Except as otherwise expressly provided, this summary does not take into account any provincial, territorial or foreign (including without limitation, any US) tax law or treaty. It has been assumed that all currently proposed amendments will be enacted substantially as proposed and that there is no other relevant change in any governing law or practice, although no assurance can be given in these respects. Each US Holder is advised to obtain tax and legal advice applicable to such US Holder's particular circumstances. Every US Holder is liable to pay a Canadian withholding tax on every dividend that is or is deemed to be paid or credited to the US Holder on the US Holder's common shares. The statutory rate of withholding tax is 25% of the gross amount of the dividend paid. The Treaty reduces the statutory rate with respect to dividends paid to a US Holder for the purposes of the Treaty. Where applicable, the general rate of withholding tax under the Treaty is 15% of the gross amount of the dividend, but if the US Holder is a company that owns at least 10% of the voting stock of the Company and beneficially owns the dividend, the rate of withholding tax is 5% for dividends paid or credited after 1996 to such corporate US Holder. The Company is required to withhold the applicable tax from the dividend payable to the US Holder, and to remit the tax to the Receiver General of Canada for the account of the US Holder.

Pursuant to the Tax Act, a US Holder will not be subject to Canadian capital gains tax on any capital gain realized on an actual or deemed disposition of a common share, including a deemed disposition on death, unless such shares are "taxable Canadian property" within the meaning of the Tax Act and no relief is afforded under the Treaty. The shares of the Company would be taxable Canadian property if (i) the US Holder held the common share as capital property used in carrying on a business in Canada, or if (ii) the U. S. Holder and persons with whom the US Holder did not deal at arm's length (alone or together) owned or had the right or an option to acquire 25% or more of the issued shares of any class of the Company at any time in the five years immediately preceding the disposition, and more than 50% of the fair market value of the shares of the Company was derived directly or indirectly from one or any combination of real or immovable property situated in Canada, Canadian resource properties (as defined in the Tax Act), timber resource properties (as defined in the Tax Act) or an option, an interest or right in such property, whether or not such property exists.

United States Tax Consequences

The following summarizes the principal U.S. federal income tax consequences to the holding and disposition of common shares in the capital of the Company by US Holders and who holds their shares as capital assets within the meaning of Section 1221 of the U.S. Internal Revenue Code (the "Code").

US Holders

As used herein, a "US Holder" includes a holder of common shares of the Company who is a citizen or resident of the United States, a corporation (including any other entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or of any political subdivision thereof, and an estate whose income is subject to US federal income taxation regardless of its source, and a trust (a) if a U.S. court is able to exercise primary supervision over the administration of the trust and one or more U.S. persons have the authority to control all substantial decisions of the trust, or (b) that has elected to be treated as a U.S. person under applicable U.S. Treasury Regulations. If a partnership (including for this purpose any entity treated as a partnership for U.S. federal income tax purposes) holds common shares, the tax treatment of a partner generally will depend upon the status of the partner and the activities of the partnership. If a US Holder is a partner in a partnership that holds the common shares, the US Holder should consult its tax advisor regarding the specific tax consequences of owning and disposing of its shares. A US Holder does not include: (1) those who own (directly, or indirectly by attribution) 10% or more of the share capital or voting power of the Company; (2) persons subject to the alternative minimum tax; (3) persons holding shares of the Company as part of a straddle, hedging or conversion transaction; and (4) persons subject to special provisions of federal income tax laws, such as tax exempt organizations, qualified retirement plans, financial institutions, insurance companies, real estate investment trusts, regulated investment companies, broker-dealers, non-resident alien individuals or foreign corporations whose ownership of shares of the Company is effectively connected with the conduct of a trade or business in the United States and shareholders who acquired their Company stock through the exercise of employee stock options or otherwise as compensation.

The following discussion is based upon the sections of the Code, Treasury Regulations, published Internal Revenue Service rulings, published administrative positions of the Internal Revenue Service and court decisions that are currently applicable, any or all of which could be materially adversely changed, possibly on a retroactive basis, at any time. In addition, this discussion does not consider the potential effects, both adverse and beneficial, of recently proposed legislation which, if enacted, could be applied, possibly on a retroactive basis, at any time. This discussion does not address all U.S. federal income tax matters that may be relevant to a US Holder in light of its particular circumstances, and it does not address any state, local and non-U.S. tax consequences of purchasing, owning and disposing of the common shares of the Company. Each US Holder should consult with his or her own tax advisor with respect to the tax considerations relevant to such US Holder and its particular circumstances.

Dividends and Other Distributions on the Common Shares

Subject to the passive foreign investment company rules discussed below under "Passive Foreign Investment Company", the gross amount of all our distributions to a US Holder with respect to the common shares (including any Canadian taxes withheld there from) will be included in the US Holder's gross income as foreign source ordinary dividend income on the date of receipt by the US Holder, but only to the extent that the distribution is paid out of our current or accumulated earnings and profits (as determined under US federal income tax principles). To the extent that the amount of the distribution exceeds our current and accumulated earnings and profits, it will be treated first as a tax-free return of a US Holder's tax basis in its common shares, and to the extent the amount of the distribution exceeds the US Holder's tax basis, the excess will be taxed as capital gain. We do not currently, and we do not intend to, calculate our earnings and profits, if any, under US federal income tax principles. Therefore, a US Holder should expect that a distribution, if any, will be treated as a dividend. The dividends will not be eligible for the dividends-received deduction allowed to corporations in respect of dividends received from other US corporations.

With respect to non-corporate US Holders for taxable years beginning before January 1, 2012, dividends may constitute "qualified dividend income" that is taxed at the lower applicable capital gains rate, provided that (1) the common shares of the Company are readily tradable on an established securities market in the United States or we are eligible for the benefits of the income tax treaty, (2) we are not a passive foreign investment company (as discussed below) for either our taxable year in which the dividend was paid or the preceding taxable year, (3) certain holding period requirements are met and (4) the US Holder is not under an obligation to make related payments with respect to positions in substantially similar or related property. US Treasury guidance indicates that our common shares, which are listed on NYSE MKT Equities, are readily tradable on an established securities market in the United States. There can be no assurance that our common shares will be considered readily tradable on an established securities market in later years. US Holders should consult their tax advisors regarding the availability of the lower rate for dividends paid with respect to our common shares. There can be no assurance that the Company's dividends will be considered qualifying dividend income because there can be no assurance of the Company's PFIC (as defined below) status in either the year of the distribution or the year preceding the distribution.

Subject to certain limitations, Canadian taxes withheld from a distribution to a US Holder will be eligible for credit against such US Holder's US federal income tax liability. If a refund of the tax withheld is available to the US Holder under the laws of Canada or under the Treaty, the amount of tax withheld that is refundable will not be eligible for such credit against the US Holder's US federal income tax liability (and will not be eligible for the deduction against the US Holder's US federal taxable income). If the dividends are qualified dividend income (as discussed above), the amount of the dividend taken into account for purposes of calculating the foreign tax credit limitation will in general be limited to the gross amount of the dividend, multiplied by the reduced rate divided by the highest rate of tax normally applicable to dividends. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. For this purpose, dividends distributed by us with respect to common shares generally will constitute "passive category income" but could, in the case of certain US Holders, constitute "general category income". The rules relating to the determination of the US foreign tax credit are complex, and US Holders should consult their tax advisors to determine whether and to what extent a credit would be available. A US Holder that does not elect to claim a foreign tax credit with respect to any foreign taxes for a given taxable year may instead claim an itemized deduction for all foreign taxes paid in that taxable year.

If the Company pays distributions on its common shares in Canadian dollars, the US dollar value of such distributions should be calculated by reference to the exchange rate prevailing on the date of actual or constructive receipt of the distributions, regardless of whether the Canadian dollars are converted into US dollars at that time. If Canadian dollars are converted into US dollars on the date of actual or constructive receipt of such distributions, a US Holder's tax basis in such Canadian dollars will be equal to their US dollar value on that date and, as a result, the US Holder generally will not be required to recognize any foreign currency exchange gain or loss. Any gain or loss recognized on a subsequent conversion or other disposition of the Canadian dollars generally will be treated as US source ordinary income or loss for purposes of the U.S. foreign tax credit limitation discussed above.

Sale Exchange or Other Disposition of Common Shares

Subject to the PFIC rules discussed below, upon the sale, exchange or other disposition of the Company's common shares, a US Holder generally will recognize capital gain or loss equal to the difference between the amount realized upon the sale, exchange or other disposition of the common shares and the US Holder's adjusted tax basis in the common shares. The capital gain or loss generally will be long-term capital gain or loss if, at the time of sale, exchange or other disposition, the US Holder has held the common shares for more than one year. Net long-term capital gains of non-corporate US Holders, including individuals, are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss that a US Holder recognizes generally will be treated as gain or loss from sources within the United States for purposes of the US foreign tax credit limitation discussed above.

Passive Foreign Investment Companies

We believe we were a passive foreign investment company ("PFIC") for US federal income tax purposes for our taxable year ended December 31, 2016. A non-U.S. corporation is considered to be a PFIC for any taxable year if either:

- at least 75% of its gross income is passive income which includes dividends, interest, royalties, rents (other than rents and royalties derived in the active conduct of a trade or business and not derived from a related person), certain gains from the sales of commodities, annuities and gains from assets that produce passive income, or
- at least 50% of the value of its assets (based on an average of the quarterly values of the assets during a taxable year) is attributable to assets that produce or are held for the production of passive income (the "asset test").

There can be no assurance that in any given year 75% or more of the Company's gross income will not be passive income and we will not become a PFIC in that or any future taxable year.

We will be treated as owning our proportionate share of the assets and earning our proportionate share of the income of any other corporation in which we own, directly or indirectly, 25% or more (by value) of the stock.

A determination of the Company's PFIC status should be done on an annual basis (assuming that we can continue to be a publicly traded entity). As a result, our PFIC status may change. In particular, because the total value of our assets for purposes of the asset test will be calculated using the market price of our common shares (assuming that we continue to be a publicly traded corporation for purposes of the applicable PFIC rules), our PFIC status will depend in large part on the market price of our common shares. Accordingly, fluctuations in the market price of our common shares may result in our being a PFIC for any year. If we are a PFIC for any year during which a US Holder holds our common shares, we generally will continue to be treated as a PFIC for all succeeding years during which such US Holder holds our common shares, absent a special election. For instance, if we cease to be a PFIC, a US Holder may avoid some of the adverse effects of the PFIC regime by making a deemed sale election with respect to the common shares. If we are a PFIC for any taxable year and any of our non-US subsidiaries is also a PFIC, a US Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. US Holders are urged to consult their tax advisors about the application of the PFIC rules to any of our subsidiaries. For purposes of the PFIC provisions, passive income generally includes dividends, interest, royalties, rents (other than rents and royalties derived in the active conduct of a trade or business and not derived from a related person), certain gains from the sales of commodities, annuities and gains from assets that produce passive income.

If we are a PFIC for any taxable year during which a US Holder holds our common shares, such US Holder will be subject to special tax rules with respect to any "excess distribution" that it receives and any gain it realizes from a sale or other disposition (including a pledge) of the common shares, unless the US Holder makes a "mark-to-market" election as discussed below. Distributions received by a US Holder in a taxable year that are greater than 125% of the average annual distributions such US Holder received during the shorter of the three preceding taxable years or its holding period for the common shares will be treated as an excess distribution. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over the US Holder's holding period for the common shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we became a PFIC, will be treated as ordinary income, and
- the amount allocated to each other year will be subject to the highest tax rate for the US Holder in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

The tax liability for amounts allocated to years prior to the year of disposition or "excess distribution" cannot be offset by any net operating losses for such years and gains (but not losses) realized on the sale of our common shares cannot be treated as capital, even if the US Holder holds the common shares as capital assets.

Alternatively, a US Holder of "marketable stock" (as defined below) in a PFIC may make a mark-to-market election with respect to shares of a PFIC to elect out of the tax treatment discussed above. If a US Holder makes a valid mark-to-market election for our common shares, the US Holder will include in income each year an amount equal to the excess, if any, of the fair market value of the common shares as of the close of its taxable year over its adjusted basis in such common shares. The US Holder is allowed a deduction for the excess, if any, of the adjusted basis of the common shares over their fair market value as of the close of the taxable year. However, deductions are allowable only to the extent of any net mark-to-market gains on the common shares included in the US Holder's income for prior taxable years. Amounts included in a US Holder's income under a mark-to-market election, as well as gain on the actual sale or other disposition of the common shares, are treated as ordinary income. Ordinary loss treatment also applies to the deductible portion of any mark-to-market loss on the common shares, as well as to any loss realized on the actual sale or disposition of the common shares, to the extent that the amount of such loss does not exceed the net mark-to-market gains previously included for such common shares. A US Holder's basis in the common shares will be adjusted to reflect any such income or loss amounts. If a US Holder makes such an election, the tax rules that ordinarily apply to distributions by corporations that are not PFICs would apply to distributions by us, except that the lower applicable capital gains rate for "qualified dividend income" discussed above under "Dividends and Other Distributions on the Common Shares" would not apply.

The mark-to-market election is available only for "marketable stock", which is stock that is traded in other than de minimis quantities on at least 15 days during each calendar quarter on a qualified exchange, including NYSE MKT Equities, or other market, as defined in applicable US Treasury regulations. We expect that our common shares will continue to be listed on NYSE MKT Equities and, consequently, the mark-to-market election would be available to US Holders of common shares were we to be a PFIC.

If a non-US corporation is a PFIC, a holder of shares in that corporation can avoid taxation under the rules described above by making a "qualified electing fund" election to include its share of the corporation's ordinary earnings and net capital gain income on a current basis. However, a US Holder can make a qualified electing fund election with respect to its common shares of the Company only if we furnish the US Holder annually with certain tax information. We intend to prepare or provide such information.

A US Holder that holds our common shares in any year in which we are a PFIC will be required to file Internal Revenue Service ("IRS") Form 8621 regarding distributions received on the common shares and any gain realized on the disposition of the common shares.

US Holders are urged to consult their tax advisors regarding the application of the PFIC rules to the ownership and disposition of our common shares.

Other Consequences

To the extent a shareholder is not subject to the tax regimes outlined above with respect to foreign corporations that are PFICs, the following discussion describes the United States federal income tax consequences arising from the holding and disposition of the Company's common shares.

Foreign Tax Credit

A US Holder may be entitled to claim a US foreign tax credit for, or deduct, Canadian taxes that are withheld on distributions received by the US Holder, subject to applicable limitations in the Code. Dividends paid on our common shares will be "passive category income" or "general category income" for US foreign tax credit purposes. The amount of foreign income taxes that may be claimed as a credit in any year is subject to complex limitations and restrictions, which must be determined on an individual basis by each US Holder. A US Holder that does not elect to claim a foreign tax credit with respect to any foreign taxes paid for a given taxable year may instead claim a deduction for all foreign taxes paid in that taxable year. US Holders are urged to consult their tax advisors regarding the availability of the US foreign tax credit in their particular circumstances.

Information Reporting and Backup Withholding

Dividends on common shares and the proceeds of a sale or redemption of a common share may be subject to information reporting to the IRS and possible US backup withholding at a current rate of 28%, unless the conditions of an applicable exemption are satisfied. Backup withholding will not apply to a US Holder who furnishes a correct taxpayer identification number and makes any other required certification or who is otherwise exempt from backup withholding. US Holders who are required to establish their exempt status can provide such certification on IRS Form W-9. US Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

Backup withholding is not an additional tax. Amounts withheld as backup withholding may be credited against a US Holder's US federal income tax liability, and a US Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by timely filing the appropriate claim for refund with the IRS and furnishing any required information.

US HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE APPLICATION OF THE US FEDERAL TAX RULES TO THEIR PARTICULAR CIRCUMSTANCES AS WELL AS THE STATE AND LOCAL AND FOREIGN TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF OUR COMMON SHARES.

F. DIVIDENDS AND PAYING AGENTS

Not Applicable.

G. STATEMENT BY EXPERTS

Not Applicable.

H. DOCUMENTS ON DISPLAY

The Company files annual reports and furnishes other information with the SEC. You may read and copy any document that we file at the SEC's Public Reference Room at 100 F St. NE, Washington, D.C. 20549 or by accessing the SEC's website (www.sec.gov). The Company also files its annual reports and other information with the Canadian Securities Administrators via SEDAR (www.sedar.com). Copies of the Company's material contracts are kept in the Company's administrative headquarters at Suite 2772, 1055 West Georgia Street, Vancouver, BC, V6E 3P3. Documents relating to Minco Silver referred to herein can be found under its profile on SEDAR.

I. SUBSIDIARY INFORMATION

Not applicable – the Company does not have any subsidiaries as at December 31, 2017 and as at the date of this report.

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is exposed to risks that may include credit risk, liquidity risk, currency risk and interest rate risk. Management reviews these risks monthly and when material, they are reviewed and monitored by the Board of Directors.

Credit risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if the counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by these counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair value contracts with individual counterparties which are recorded in the consolidated financial statements. The Company considers the following financial assets to be exposed to credit risk:

- Cash and cash equivalents– To manage credit and liquidity risk the Company places its cash with major financial institutions in two major financial institutions in Canada (subject to deposit insurance up to \$100,000).
- Short-term investment – The Company places its short-term investment with a high creditworthy financial institution.

Price Risk

Price risk is the risk that the fair value of an investment measured at FVTPL will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk). The Company is subject to price risk through its public equity investments.

The Company's private market investments are also subject to price risk as they are impacted by many general and specific market variables.

A 10% increase/decrease in the value of all public equity and private market investments would result in an approximate increase/decrease in the value of public and private market exposure and unrealized gain/loss in the amount of approximately \$1.36 million as at December 31, 2017.

Interest rate risk

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

The Company holds short-term investments such as guaranteed investment certificates at fixed interest rates. As a result, the Company is not exposed to significant interest rate risk

Foreign exchange risk

The Company's functional currency is the Canadian dollar in Canada. The foreign currency risk is related to the Company's cash and cash equivalent, marketable securities and investments that may be denominated in US dollar.

As at December 31, 2017, the Company had cash of \$3.6 million and investment at fair value of \$0.48 million that were denominated in US dollar. A 10% change in the foreign exchange rate (US\$ to C\$) will affect the Company's net loss by approximately \$0.41 million. The Company does not have currency hedge for its foreign exchange exposure.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not Applicable.

PART II**ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**

Not Applicable.

ITEM 14. MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDER AND USE OF PROCEEDS

Not Applicable.

ITEM 15. CONTROLS AND PROCEDURES

(a) Disclosure controls and procedures

Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company is collected and communicated to management, as appropriate, to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, the fiscal year ended December 31, 2017, an evaluation was carried out under the supervision of, and with the participation of, the Company's management, including the Company's Chief Executive Officer (CEO) and Chief Financial Officer (CFO), of the effectiveness of the design and operations of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) as of the end of the period December 31, 2017 covered by this Annual Report on Form 20-F. Management concluded that the disclosure controls and procedures were effective, as at December 31, 2017.

(b) Management's annual report on internal controls over financial reporting

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting (ICFR). 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.

Management evaluated the effectiveness of internal control over financial reporting based on the control framework established in 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 December 31, 2017, and based on this evaluation, management has concluded that the Company's internal controls over financial reporting are effective as at December 31, 2017.

(c) Attestation report of the independent registered public accounting firm

This annual report does not include an attestation report of the Company's independent registered public accounting firm regarding the effectiveness of the Company's internal controls over financial reporting. Management's report was not subject to attestation by the Company's independent registered public accounting firm pursuant to current rules of the SEC that exempt non-accelerated filers from the requirement to include registered public accounting firm attestation on the effectiveness of internal control over financial reporting, thus permitting the Company to provide only management's report on internal control over financial reporting in this Annual Report.

(d) Changes in internal controls over financial reporting

There was no changes in internal control over financial reporting during the year ended December 31, 2017 that have materially affected or are reasonably likely to materially affect our ICFR.

ITEM 16A **AUDIT COMMITTEE FINANCIAL EXPERT**

The Company's Board has determined that the Company has at least one Audit Committee financial expert serving on its Audit Committee and that the individual is "independent", as such term is used in Section 303A.02 of the NYSE Listed Company Manual. Mr. Malcolm F. Clay, Chairman of the Audit Committee serves as the Audit Committee's financial expert. He is a Chartered Accountant with over 30 years' experience in both public and private companies.

ITEM 16B **CODE OF ETHICS - BOARD OF DIRECTORS AND OFFICERS**

The Company has established a Code of Ethics for the Board and senior officers including chief executive officer, chief financial officer, and the controller. The Code of Ethics is available on the Company's website (www.mincogold.com). A hard copy of the Code of Ethics may be requested from the Company by writing to the Company's Corporate Secretary at Suite 2772, 1055 West Georgia Street, Vancouver, and B.C. V6E.

ITEM 16C **PRINCIPAL ACCOUNTANT FEES AND SERVICES**

During the past two fiscal years, the Company has paid the following fees to its principal accountants, PricewaterhouseCoopers LLP.

	<u>2017</u>	<u>2016</u>
	\$	\$
Audit fees ⁽¹⁾	35,000	75,000
Audit-related fees ⁽²⁾	8,000	14,000
Tax fees ⁽³⁾	-	-
All other fees ⁽⁴⁾	-	4,000
Total	<u>43,000</u>	<u>93,000</u>

Notes:

- (1) The aggregate fees billed for audit services.
- (2) The aggregate fees billed for consultation, assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements.
- (3) The aggregate fees billed for tax compliance, corporate income tax returns, tax advice, tax compliance, and tax planning services.
- (4) The aggregate fees billed for professional services other than those listed in the other columns items.

It is within the mandate of the Audit Committee to approve all audit and non-audit related fees and all fees for the last two fiscal years were approved. The Audit Committee has pre-approved specifically identified non-audit related services. The auditors also present the estimate for the annual audit related services to the Audit Committee for approval prior to undertaking the annual audit of the financial statements.

ITEM 16D **EXEMPTIONS FROM THE LISTING STANDARDS****FOR AUDIT COMMITTEES**

Each member of the Audit Committee is "independent" from management.

ITEM 16E **PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATE PURCHASERS**

None.

ITEM 16F **CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT**

Not Applicable.

ITEM 16G **CORPORATE GOVERNANCE**

Not Applicable.

ITEM 16H **MINE SAFETY**

Not Applicable.

PART III

ITEM 17. FINANCIAL STATEMENTS

Please see Item 18.

ITEM 18. FINANCIAL STATEMENTS

Attached hereto.

Financial Statements

<u>DOCUMENT</u>	<u>PAGE</u>
Audited consolidated Financial Statements of the Company (Issuer) as at December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015, including the Report of Independent Registered Public Accounting Firm	49 - 76
Audited consolidated Financial Statements of Minco Silver as at December 31, 2017 and 2016 and for the years ended December 31, 2017, 2016 and 2015, including the Report of Independent Registered Public Accounting Firm	77 - 105

ITEM 19. EXHIBITS

EXHIBIT NUMBER	DATE	DESCRIPTION
1.1*	20F – April 20, 2012	Articles of Incorporation of Minco Gold Corporation
1.2*	20F – April 20, 2012	Notice of Articles of Minco Gold Corporation
4.12*	20F – June 27, 2017	Minco Gold Corporation Stock Option Plan
12.1	20F – April 30, 2018	Certification of the Chief Executive Officer Pursuant to Rule 13(a)-14(a) or ISD -14(a) under the Exchange Act
12.2	20F – April 30, 2018	Certification of the Chief Financial Officer Pursuant to Rule 13(a)-14(a) or ISD -14(a) under the Exchange Act
13.1	20F – April 30, 2018	Certification of the Chief Executive Officer Pursuant to 18 USC, Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
13.2	20F – April 30, 2018	Certification of the Chief Financial Officer Pursuant to 18 USC, Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
99.1	20F – April 27, 2018	Glossary of Geological Terms
101.INS**		XBRL Instance Document
101.SCH**		XBRL Taxonomy Extension Schema Document
101.CAL**		XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF**		XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**		XBRL Taxonomy Extension Label Linkbase Document
101.PRE**		XBRL Taxonomy Extension Presentation Linkbase Document

* Incorporated by reference from our Form 20-Fs filed in prior years.

** XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement or prospectus for purposes of Sections 11 or 12 of the Securities Act of 1933, as amended, is deemed not filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and otherwise is not subject to liability under these sections.

Minco Gold Corporation

Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015

(Canadian dollars)

Management's Responsibility for Financial Reporting

The consolidated financial statements are the responsibility of the Board of Directors and management. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by International Accounting Standard Board and include certain estimates that reflect management's best judgments on information currently available. In the opinion of management, the accounting practices utilized are appropriate in the circumstances and the consolidated financial statements fairly reflect the financial position and results of operations of the Company within reasonable limits of materiality.

The Audit Committee of the Board of Directors is composed of three Directors which meets quarterly and annually with management and the independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting matters prior to submitting the consolidated financial statements to the Board of Directors for approval.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants, who were appointed by the shareholders. The report of our independent registered public accounting firm outlines the scope of their examination and their opinion on the consolidated financial statements.

Dr. Ken Cai
Chief Executive Officer

Larry Tsang, CPA, CA
Chief Financial Officer

Vancouver, Canada
April 16, 2018

**Report of Independent Registered Public Accounting Firm
To the Board of Directors and Shareholders of Minco Gold Corporation**

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Minco Gold Corporation (the Company) as of December 31, 2017 and December 31, 2016, and the related consolidated statements of income (loss), comprehensive income (loss), changes in equity and cash flows for each of the three years in the period ended December 31, 2017, including the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and December 31, 2016, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2017 in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Vancouver, British Columbia, Canada

April 16, 2018

We have served as the Company's auditor since 2009.

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Minco Gold Corporation

Consolidated Statements of Financial Position

(in Canadian dollars)

	December 31, 2017 \$	December 31, 2016 \$
Assets		
Current assets		
Cash and cash equivalents (note 5)	3,642,328	4,575,119
Short-term investment, (note 6)	271,455	3,352,062
Investments at fair value (note 7)	13,614,050	12,307,860
Receivables	25,713	169,380
Due from related parties (note 13)	38,945	223,672
Prepaid expenses and deposits	120,921	72,035
	<u>17,713,412</u>	<u>20,700,128</u>
Non-current assets		
Long-term deposit	26,295	51,277
Property, plant and equipment	5,197	7,066
	<u>17,744,904</u>	<u>20,758,471</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	186,635	211,427
	<u>186,635</u>	<u>211,427</u>
Equity		
Equity attributable to owners of the parent		
Share capital (note 10 (a))	41,976,886	41,976,886
Contributed surplus	9,630,905	9,322,102
Deficits	(34,049,522)	(30,751,944)
	<u>17,558,269</u>	<u>20,547,044</u>
Total liabilities and equity	<u>17,744,904</u>	<u>20,758,471</u>

*Commitments (note 12)**Subsequent events (note 16)*

Approved by the Board of Directors

(signed) Malcolm Clay Director

(signed) Robert Callander Director

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

Minco Gold Corporation

Consolidated Statements of Income (Loss)

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars, except per share data)*

	2017 \$	2016 \$	2015 \$
Realized gain from investments (note 7)	46,991	-	-
Net unrealized losses from investments (note 7)	(1,860,185)	(990,000)	-
	<u>(1,813,194)</u>	<u>(990,000)</u>	<u>-</u>
Operating expenses			
Accounting and audit	88,646	99,959	152,777
Amortization	2,951	3,362	34,781
Consulting	76,767	61,537	78,267
Directors' fees	64,500	59,138	73,124
Exploration costs	-	217,110	793,081
Gain on legal settlement (note 9)	-	(530,789)	(51,745)
Gain on sale of exploration permit (note 1,13)	-	(159,502)	-
Investor relations	11,129	12,048	37,051
Legal and regulatory	117,697	183,497	144,844
Office and administration	160,003	236,626	384,804
Property and Investment evaluation	126,791	179,453	81,407
Salaries and benefits	263,042	116,227	388,887
Share-based compensation (note 10(b))	308,803	100,693	80,248
Travel and transportation	20,611	15,747	75,791
Total operating expenses	<u>1,240,940</u>	<u>595,106</u>	<u>2,273,317</u>
Operating loss	<u>(3,054,134)</u>	<u>(1,585,106)</u>	<u>(2,273,317)</u>
Foreign exchange gain (loss)	(282,834)	(153,066)	209,493
Gain on sale of Minco Resources (note 1)	-	-	15,060,170
Gain on becoming an investment entity (note 8)	-	9,399,970	-
Share of gain (loss) from an associate (note 8)	-	(408,225)	1,259,391
Dilution loss (note 8)	-	(98,899)	-
Other income	9,563	-	-
Interest income	29,827	62,394	64,819
Net income (loss) for the year	<u>(3,297,578)</u>	<u>7,217,068</u>	<u>14,320,556</u>
Net income (loss) attributable to:			
Shareholders of the Company	(3,297,578)	7,217,068	14,361,342
Non-controlling interest	-	-	(40,786)
	<u>(3,297,578)</u>	<u>7,217,068</u>	<u>14,320,556</u>
Net Income (loss) per share:			
basic	(0.06)	0.14	0.28
diluted	(0.06)	0.14	0.28
Weighted average number of common shares outstanding:			
basic	50,733,381	50,687,496	50,566,749
diluted	<u>50,733,381</u>	<u>52,510,830</u>	<u>50,566,749</u>

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

Minco Gold Corporation

Consolidated Statements of Comprehensive Income (Loss)

For the years ended December 31, 2017, 2016 and 2015*(in Canadian dollars)*

	2017	2016	2015
	\$	\$	\$
Net income (loss) for the year	(3,297,578)	7,217,068	14,320,556
Other comprehensive income (loss), net of tax			
Items that may be reclassified subsequently to profit or loss:			
-Reclassification of currency translation adjustments upon disposition of Minco Resources (note 1)	-	-	(479,324)
-Reclassification of other comprehensive income of an associate (note 8) on becoming investment entity	-	(1,418,523)	-
-Share of other comprehensive income (loss) of an associate (note 8)	-	(1,345,417)	1,958,940
-Exchange differences on translation from functional to presentation currency	-	-	101,238
Total comprehensive income (loss) for the year	<u>(3,297,578)</u>	<u>4,453,128</u>	<u>15,901,410</u>
Comprehensive income (loss) attributable to:			
Shareholders of the Company	(3,297,578)	4,453,128	15,904,973
Non-controlling interest	-	-	(3,563)
	<u>(3,297,578)</u>	<u>4,453,128</u>	<u>15,901,410</u>

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

Minco Gold Corporation
Consolidated Statements of Changes in Equity
For the years ended December 31, 2017, 2016 and 2015

(in Canadian dollars)

	Attributable to equity owner of the Company						Non-controlling interest	Total equity
	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive income (loss)	Deficits	Subtotal		
	\$	\$	\$	\$	\$	\$	\$	
Balance - January 1, 2015	50,514,881	41,882,757	9,179,213	1,183,086	(52,330,354)	(85,298)	4,988,512	4,903,214
Net income (loss) for the year	-	-	-	-	14,361,342	14,361,342	(40,786)	14,320,556
Other comprehensive income	-	-	-	1,580,854	-	1,580,854	37,223	1,618,077
Elimination of non-controlling interest related to sale of Minco Resources	-	-	-	-	-	-	(4,984,949)	(4,984,949)
Proceeds on issuance of shares from exercise of options	66,500	29,066	(11,776)	-	-	17,290	-	17,290
Share-based compensation	-	-	80,248	-	-	80,248	-	80,248
Balance - December 31, 2015	<u>50,581,381</u>	<u>41,911,823</u>	<u>9,247,685</u>	<u>2,763,940</u>	<u>(37,969,012)</u>	<u>15,954,436</u>	-	<u>15,954,436</u>
Balance - January 1, 2016	50,581,381	41,911,823	9,247,685	2,763,940	(37,969,012)	15,954,436	-	15,954,436
Net income for the year	-	-	-	-	7,217,068	7,217,068	-	7,217,068
Other comprehensive loss (note 8)	-	-	-	(1,345,417)	-	(1,345,417)	-	(1,345,417)
Reclassification of other comprehensive income of an associate upon changes to an investment entity	-	-	-	(1,418,523)	-	(1,418,523)	-	(1,418,523)
Proceeds on issuance of shares from exercise of options	152,000	65,063	(26,276)	-	-	38,787	-	38,787
Share-based compensation	-	-	100,693	-	-	100,693	-	100,693
Balance - December 31, 2016	<u>50,733,381</u>	<u>41,976,886</u>	<u>9,322,102</u>	<u>-</u>	<u>(30,751,944)</u>	<u>20,547,044</u>	-	<u>20,547,044</u>
Balance - January 1, 2017	50,733,381	41,976,886	9,322,102	-	(30,751,944)	20,547,044	-	20,547,044
Net loss for the year	-	-	-	-	(3,297,578)	(3,297,578)	-	(3,297,578)
Share-based compensation	-	-	308,803	-	-	308,803	-	308,803
Balance - December 31, 2017	<u>50,733,381</u>	<u>41,976,886</u>	<u>9,630,905</u>	<u>-</u>	<u>(34,049,522)</u>	<u>17,558,269</u>	-	<u>17,558,269</u>

The accompanying notes are an integral parts of these consolidated financial statements

Minco Gold Corporation

Consolidated Statements of Cash Flows

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)*

	2017	2016	2015
	\$	\$	\$
Cash flow provided by (used in)			
Operating activities			
Net income (loss) for the year	(3,297,578)	7,217,068	14,320,556
Items not affecting cash and cash equivalent:			
Amortization	2,951	3,362	34,363
Share of loss (gain) from an associate (note 8)	-	408,225	(1,259,391)
Dilution loss	-	98,899	-
Realized gains from investments	(46,991)	-	-
Foreign exchange loss (gain)	282,834	148,484	(227,257)
Gain on sale of Minco Resources	-	-	(15,111,348)
Gain from legal settlement	-	(530,789)	(51,745)
Gain on sale of exploration permits	-	(159,502)	-
Net unrealized losses from investments (note 7)	1,860,185	990,000	-
Gain on becoming an investment entity	-	(9,399,970)	-
Share-based compensation	308,803	100,693	80,248
Purchase of short-term investments (note 6)	(1,049,468)	(3,332,062)	-
Redemption of short-term investments (note 6)	4,130,075	3,498,341	-
Purchase of investments (Note 7)	(3,250,608)	(537,860)	-
Disposition of investments	131,224	-	-
Changes in items of working capital:			
Receivables	143,667	(158,258)	10,454
Due from related parties	184,727	321,064	501,491
Prepaid expenses and deposits	(23,904)	90,935	(140,315)
Accounts payable and accrued liabilities	(24,791)	(178,098)	91,603
Net cash used in operating activities	<u>(648,874)</u>	<u>(1,419,468)</u>	<u>(1,751,341)</u>
Investing activities			
Net cash outflow from sale of Minco Resources and its subsidiaries	-	-	(1,354,041)
Proceeds from legal settlement	-	-	94,472
Proceeds (purchase) from sale of property, plant and equipment	(1,082)	-	13,693
Purchase of short-term investments (note 6)	-	(20,000)	-
Redemption of short-term investments	-	550,000	6,068,564
Net cash generated from (used in) investing activities	<u>(1,082)</u>	<u>530,000</u>	<u>4,822,688</u>
Financing activities			
Proceeds from stock option exercises	-	38,787	17,290
Net cash generated from financing activities	<u>-</u>	<u>38,787</u>	<u>17,290</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(282,834)</u>	<u>(167,869)</u>	<u>387,994</u>
(Decrease) increase in cash and cash equivalents	(932,790)	(1,018,550)	3,476,631
Cash and cash equivalents- Beginning of year	4,575,119	5,593,669	2,117,038
Cash and cash equivalents - End of year	<u>3,642,329</u>	<u>4,575,119</u>	<u>5,593,669</u>

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

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015

(in Canadian dollars)

1. General information

Minco Gold Corporation (“Minco Gold” or the “Company”) was incorporated in 1982 under the laws of British Columbia, Canada as Cap Rock Energy Ltd. The Company changed its name to Minco Gold in 2007. The registered office of the Company is 2772 – 1055 West Georgia Street, British Columbia, Canada. The Company’s common shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “MMM”. The Company’s common shares were traded on the NYSE MKT under the symbol “MGH” until January 31, 2017, and commenced trading on the OTC Market in the USA (“OTCQX”) under the symbol MGHCF since January 31, 2017.

Business operations

Minco Gold is an investment Company whose objective is to achieve long term capital appreciation, while preserving capital, by investing in public and private equity securities.

The Company was previously an exploration stage enterprise engaged in exploration and evaluation of gold-dominant mineral properties and projects. On November 11, 2016, the Company submitted an application to the Toronto Stock Exchange (“TSX”) for delisting from the TSX and listing on the TSX-V as an investment issuer. At the same time, the Company also has changed its business from an exploration company into an investment issuer engaged in investing in privately and publicly traded companies. The Company received approval from TSX-V and the Company’s common shares commenced to trade on the TSX-V under the symbol MMM on May 1, 2017.

The Company commenced operations as an investment entity under IFRS 10 *Consolidated financial statements* as of November 11, 2016. As such, the Company commenced accounting for its investment in Minco Silver Corporation (“Minco Silver”) and other subsequent investments at fair value through profit or loss (“FVTPL”) starting November 11, 2016 in accordance with IAS 39 *Financial Instruments: recognition and measurement* (“IAS 39”).

Significant transaction with Minco Silver in 2015

On May 22, 2015, the Company entered into a share purchase agreement (“SPA”) with Minco Silver Corporation (“Minco Silver”) and Minco Silver’s wholly-owned subsidiary, Minco Investment Holding HK Ltd. (“Minco Investment”). Pursuant to the SPA, the Company sold all of the issued and outstanding shares of its wholly-owned subsidiary, Minco Resources Limited (“Minco Resources”), which held interests in Minco Mining (China) Corporation (“Minco China”) to Minco Investment. Minco China consolidated certain subsidiaries including Yuanling Minco Mining Ltd. (“Yuanling Minco”), Tibet Minco Mining Co. Ltd. (“Tibet Minco”), Huaihua Tiancheng Mining Ltd. (“Huanihua Tiancheng”), a legal ownership of Changfu Minco Mining Co. Ltd., formerly Foshan Minco Mining Co. Ltd., (“Changfu Minco”) and a 51% interest in Guangdong Mingzhong Mining Co. Ltd. (“Mingzhong”), which owned the Changkeng Gold Project.

The selling price was \$13,716,397. In accordance with the SPA, \$3,700,000 of the sales price was applied to settle outstanding amounts due from the Company to Minco Silver. This sale transaction closed on July 31, 2015.

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***1. General information** (continued)

The Company recognised a gain of \$18,467,407 on the sale, based on the consideration received of \$13,716,397 and the negative carrying value of its investment in the net assets of Minco Resources in the amount of \$4,340,686. This resulted in a total gain of \$18,057,083, which was reduced by \$69,000 to account for the transaction costs and further adjusted to include the reclassification of cumulative translation adjustments of \$479,324 relating to the disposed entities. The negative carrying value of the net assets sold also included a non-controlling interest of \$4,984,949, which relates to the 49% interest of Mingzhong that was not owned by the Company. Due to Minco Gold's significant influence on Minco Silver, an unrealised gain in the amount of \$3,407,237 was recorded as a reduction of Minco Gold's equity investment in Minco Silver and the remaining amount resulted in a realised gain of \$15,060,170 recorded in net income.

Three assets previously held in Minco Resources have been retained by the Company (the "Retained Assets") including the contingent receivable from a legal settlement with 208 Team (note 9), the Gold Bull Mountain exploration permits and Longnan exploration permits. These retained assets were disposed of during 2016 (Note 13).

The majority of the consideration was received in the form of a short-term investment of \$ 10,116,905, and net cash out flow of \$1,354,041 as a result of the transaction mainly represented cash balances within the entities sold.

2. Basis of presentation

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The Company has determined that it meets the definition of an investment entity under IFRS 10.

Certain prior year financial information has been reclassified to conform to the presentation in the current year.

These financial statements were approved by the board of directors for issue on April 16, 2018.

3. Summary of significant accounting policies**Basis of measurement**

The consolidated financial statements have been prepared under the historical cost convention, except for investments carried at FVTPL.

Consolidation

During and as at the year ended December 31, 2017 and 2016, the Company did not have subsidiaries.

The consolidated financial statements for the year ended December 31, 2015 include the accounts of Minco Gold, and through to July 31, 2015, as described in Note 1, its Chinese subsidiaries Minco China, Yuanling Minco, Tibet Minco and Huaihua Tiancheng Mining Huaihua Tiancheng; its wholly owned Hong Kong subsidiary Minco Resources and its 51% interest in Mingzhong those were formerly owned up to July 31, 2015.

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***3. Summary of significant accounting policies (continued)**

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand and held at banks and short-term investments with an original maturity of 90 days or less, which are readily convertible into a known amount of cash.

Short term investment

Short term investment consists of term deposits with maturity dates more than 90 days.

Investment in associates

Associates are entities over which the Company has significant influence, but not control. Significant influence is generally presumed to exist where the Company has between 20 percent and 50 percent of the voting rights, but can also arise where the Company holds less than 20 percent of the voting rights, but it has power to be actively involved and influential in policy decisions affecting the entity. Prior to commencing operations as an investment entity, the Company accounted for its investment in associates using the equity method. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's shares of profit or loss of the associate. The Company's share of income or loss of associates is recognized in the consolidated statement of income (loss) prior to the date that it became an investment entity.

Dilution gains and losses arising from changes in interests in investments in associates where significant influence is retained are recognized in the consolidated statements of income (loss).

At each reporting date, the Company determines whether there is any objective evidence that the investment in the associate is impaired or if previously recorded impairment should be reversed. If impairment is determined to exist, the amount of the impairment is recognized in the statement of income (loss). The amount of impairment is calculated as the difference between the recoverable amount of the investment in the associate and its carrying value.

If objective evidence of reversal exists, the reversal is recognized in net income in the period the reversal occurs, and is limited by the carrying value that would have been determined, from the application of equity accounting method, had no impairment charge been recognized in prior periods.

As an investment entity, the Company accounts for its investment in associates at FVTPL in accordance with IAS 39 (Note 1).

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***3. Summary of significant accounting policies (continued)****Foreign currency translation**

(i) Functional and presentation currency

Prior to disposal of its subsidiaries in 2015, the financial statements of each entity in the group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Canadian dollars.

The functional currency of Minco Gold is the Canadian dollar.

The functional currency of the Company’s Chinese subsidiaries, disposed of in 2015, was Renminbi (“RMB”).

The financial statements of the Company’s Chinese subsidiaries (“foreign operations”), prior to the disposal, were translated into the Canadian dollar presentation currency as follows:

- Assets and liabilities – at the closing rate at the date of the statement of financial position
- Income and expenses – at the average rate of the period (as this is considered a reasonable approximation of actual rates)

All resulting changes are recognized in other comprehensive income as cumulative translation adjustments. When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from the item are considered to form part of the net investment in a foreign operation and are recognized in other comprehensive income.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes of part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of an entity using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation’s functional currency are recognized in the statements of income (loss).

Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***3. Summary of significant accounting policies (continued)**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories:

(i) Financial assets and liabilities at FVTPL: Financial instruments in this category are recognized initially and subsequently at fair value. The Company recognizes purchases and sales of financial assets on settlement day, when transactions are closed. Transaction costs related to financial assets classified or designated as at FVTPL are expensed as incurred. A financial asset is derecognized when the rights to receive cash flows from the investment have expired or have been transferred and when the Company has transferred substantially the risks and rewards of ownership of the asset.

Net realized gains (losses) arising on the disposition of investments and gains and losses arising from changes in fair value are presented in the statement of income within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current. The Company classifies its investment in Minco Silver and other publicly traded and privately held companies as FVTPL, including warrants. Fair value of warrants was estimated using Black-Scholes option pricing model.

(ii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are comprised of cash and cash equivalents, short-term investment, receivables, and due from related parties. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value.

Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment, if necessary.

(iv) Financial liabilities at amortized cost: Financial liabilities at amortized cost include accounts payable, and due to related parties.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset (other than a financial asset classified as fair value through profit or loss) is impaired.

The criteria used to determine if objective evidence of impairment exists include:

- (i) significant financial difficulty of the obligor;
- (ii) delinquencies in interest and principal payments; and
- (iii) it becomes probable that the borrower will enter bankruptcy or other financial reorganization.

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***3. Summary of significant accounting policies (continued)**

Financial assets carried at amortized cost: If evidence of impairment exists, the Company recognizes an impairment loss as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Share-based payments

The Company grants stock options to directors, officers, employees and service providers. Each tranche in an award is considered a separate award with its own vesting period. The Company applies the fair-value method of accounting for share-based payments and the fair value is calculated using the Black-Scholes option pricing model.

Share-based payments for employees and others providing similar services are determined based on the grant date fair value. Share based payments for non-employees are determined based on the fair value of the goods/services received or options granted measured at the date on which the Company obtains such goods/services.

Exploration and evaluation costs

Exploration and evaluation costs include costs to acquire exploration rights, geological studies, exploratory drilling and sampling and directly attributable administrative costs.

Exploration and evaluation costs relating to non-specific projects or properties or those incurred before the Company has obtained legal rights to explore an area are expensed in the period incurred. In addition, exploration and evaluation costs, other than direct acquisition costs, are expensed before a mineral resource is identified as having economic potential.

Exploration and evaluation costs are capitalized as mineral interests when a mineral resource is identified as having economic potential on a property. A mineral resource is considered to have economic potential when it is expected that documented resources can be legally and economically developed considering long-term metal prices. Therefore, prior to capitalizing such costs, management determines that the following conditions have been met:

- i) There is a probable future benefit that will contribute to future cash inflows;
- ii) The Company can obtain the benefit and control access to it; and
- iii) The transaction or event giving rise to the benefit has already occurred.

Once the technical feasibility and commercial viability of the extraction of resources from a particular mineral property has been determined, mineral interests are reclassified to mine properties within property, plant and equipment and carried at cost until the properties to which they relate are placed into commercial production, sold, abandoned or determined by management to be impaired in value.

Proceeds from the sale of properties or cash proceeds received from option payments are recorded as a reduction of the related mineral interest, or if no amounts are capitalized, then the proceeds are recorded in the statement of income (loss).

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***3. Summary of significant accounting policies (continued)****Share capital**

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Earnings (loss) per share

Basic earnings per share are computed using the weighted average number of common shares outstanding during the year. Diluted earnings per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. If the Company incurs net losses in a fiscal year, basic and diluted loss per share is the same.

Income tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Accounting standards and amendments issued but not yet effective

IFRS 9, Financial Instruments, addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 *Financial Instruments: Recognition and Measurement* for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. Requirements for financial liabilities are largely carried forward from the existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. The effective date is for annual periods beginning on or after January 1, 2018. We are in the process of assessing the impact of the new standard on the classification of investments, but do not expect a significant impact from the adoption of IFRS 9.

IFRS 16, Leases, 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). IFRS 16 is effective January 1, 2019. The adoption of IFRS 16 may increase the leased assets and liabilities of the Company recorded in the statement of financial position.

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***4. Critical accounting estimates and judgments**

The preparation of financial statements requires management to use judgment in applying its accounting policies and 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 in the circumstances. The following discusses the most significant accounting judgments and estimates that the Company has made in the preparation of the financial statements:

Determination of investment entity status

When the Company submitted its application to the TSX-V for a change of business Management on November 11, 2016, management considered all the available facts and concluded that the Company met all of three criteria set forth in IFRS 10.27 to become an investment entity as defined in IFRS 10 (Note 1):

- Obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measures and evaluates the performance of substantially all of its investments on a fair value basis.

In addition, management considers the Company has all of the typical characteristics of an investment entity set forth in IFRS 10.28:

- it has more than one investment (On November 11, 2016, the Company had one investment in Minco Silver and was in the process of acquiring its investment in EI Olivar Imperial SAC, which was completed before the year ended December 31, 2016);
- it has more than one investor ;
- it has investors that are not related parties of the entity; and
- it has ownership interests in the form of equity.

Fair value of investments measured at FVTPL

The Company's investments are recorded in the Consolidated Statements of Financial Position at fair value. Management uses their judgment to select a variety of methods and make assumptions that are not always supported by quantifiable market prices or rates. Judgment is required in order to determine the appropriate valuation methodology under this standard and subsequently in determining the inputs into the valuation model used. These judgments include assessing the future earnings potential of investee companies, appropriate earnings multiples to apply, adjustments to comparable multiples, liquidity and net assets. In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistently and there are no known trends, commitments, events or uncertainties that the Company believes will materially affect the methodology or assumptions utilized in making these estimates in these Financial Statements. Accordingly, actual values realized in future market transactions may differ from the estimates presented in these Financial Statements and the differences may be material. The use of different market assumptions and/or valuation methodologies may have a material effect on the estimated fair values of various assets and liabilities.

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***4. Critical accounting estimates and judgments (continued)**

The fair values of financial instruments with quoted bid and ask prices are based on the price within the bid-ask spread that are most representative of fair value and may include closing prices in exchange markets. The fair value of the other financial instruments is determined using the valuation techniques described in Note 14.

5. Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand and guaranteed investment certificates with initial maturities of ninety days or less. The Company did not hold any cash equivalents as at December 31, 2017 or 2016.

6. Short-term investment

As at December 31, 2017, short-term investments consist of \$271,455 cashable guaranteed investment certificates, with maturity on August 29, 2018. The yield on this investment is 1.05% per annum.

As at December 31, 2016, short-term investments consist of \$3,352,062 cashable guaranteed investment certificates, with maturity on December 29, 2017. The yield on this investment was 0.825% per annum.

7. Investments at FVTPL

The Company has the following investments as at December 31, 2017:

Holdings	Number of Shares/Units Held	Number of Warrants Held	Market Value \$
Public companies (resources entities):			
Minco Silver Corp.	11,000,000		9,350,000
Hudson Resources Inc.	2,142,857		910,714
Hudson Resources Inc.		1,071,428	245,000
RoxGold Inc.	398,800		555,520
Continental Gold Inc.	130,025		439,485
Equinox Gold Corp.	224,600		251,552
Guyana Goldfields Inc.	40,000		203,200
Neo Performance Materials Inc.	11,000		196,900
ETFS Physical Palladium	1,125		143,415
Almaden Minerals Ltd.	100,000		128,158
All other public entities (non-resources)			687,968
Private company:			
El Olivar Imperial	400,000		502,138
			<u>13,614,050</u>

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***7. Investments at FVTPL (continued)**

The Continuity of the Company's investments is as follows:

	<u>December 31,</u> <u>2016</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Unrealized</u> <u>gains (losses)</u>	<u>December 31,</u> <u>2017</u>
	\$	\$	\$	\$	\$
Investment in public entities:					
-Shares and partnership units (i) (ii)	11,770,000	3,100,608	(84,233)	(1,919,463)	12,866,912
-Share purchase warrants (iii)	-	150,000	-	95,000	245,000
Investment in a EI Olivar Imperial					
-Shares and warrants (iii)	537,860	-	-	(35,722)	502,138
Total	<u>12,307,860</u>	<u>3,250,608</u>	<u>(84,233)</u>	<u>(1,860,185)</u>	<u>13,614,050</u>

(i) Included in the Company's investment in public entities are 11,000,000 common shares of Minco Silver as at December 31, 2017 (representing approximately 18% ownership), and December 31, 2016 (18%), and November 11, 2016 (18%). The Company applied the equity method to account for this investment until November 11, 2016 when the Company became an investment entity (see Note 1). Commencing November 11, 2016, the Company accounted for this investment at FVTPL.

During 2017, the Company acquired common shares/share purchases warrants/partnership units that are publically traded on Canadian stock exchanges for a total net of \$3,250,608. The Company disposed of common shares for net proceeds of \$131,224 and a realized net gain of \$46,991.

(ii). The Company considers the closing share price of investments issued by public entities at each reporting date as the fair value. The Company applies the Black Scholes option pricing model to value public company's share purchase warrants at the reporting date.

(iii). On December 22, 2016, the Company acquired 5.90% or 400,000 units ("Unit") of EI Olivar Imperial SAC ("EI Olivar"), a privately held Peruvian corporation, at US\$1.00 per unit through a private placement. Each Unit consists of one Class A voting preferred share and 1.5 Class A share purchase warrants (the "EI Warrant"), with each full warrant entitling the holder to purchase one additional Class A voting share at a price of US\$1.00. The expiry date of the EI Warrant, initially set on July 18, 2017, was subsequently revised to the date that is twenty business days following notification in writing by EI Olivar that all permits necessary to build its mining facilities have been received. As of the date of this report, the Company had not yet received this notification.

One director of the Company is also a director, an officer, and a controlling shareholder of EI Olivar.

The cost of the investment in EI Olivar was USD\$400,000, which approximated its fair value as at December 31, 2017, since EI Olivar did not have any significant changes that may cause a material change to EI Olivar's fair value after the Company's acquisition of their shares. The carrying value has changed due to movement in the foreign exchange rate in the period.

Subsequent to the year ended December 31, 2017, the Company bought publicly traded common shares/fund units/ partnership units of twelve entities with cost of \$1,076,700 and sold common shares/ fund units of four entities for proceeds of \$568,000 and realized gains of \$64,500.

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***8. Investment in an associate**

The Company is considered having significantly influence on Minco Silver through common officers and a common director. Minco Silver was incorporated in British Columbia, Canada and its Common Shares are listed on the TSX and trades under the symbol "MSV." The Company accounted for its investment in Minco Silver using the equity method up to November 11, 2016, when the Company met the definition of an investment entity and commenced accounting for this investment at FVTPL (Note 1 and 7).

Continuity of the Company's investment in Minco Silver in 2016 for the period it was accounted for as an investment in associate is as follows:

	Period from January 1 to November 11, 2016
	\$
Beginning of period	6,631,094
Dilution loss	(98,899)
Share of Minco Silver's income (loss)	(408,225)
Share of Minco Silver's other comprehensive income (loss)	(1,345,417)
Ending of period	<u>4,778,553⁽ⁱ⁾</u>

(i) \$4,778,553 was the carrying value of the Company's investment in Minco Silver on November 11, 2016 when the Company ceased to apply the equity method to account for this investment (Note 7)

The following is the income statement disclosure of Minco Silver for the years ended December 31, 2016, and 2015.

Years ended December 31,	2016	2015
	\$	\$
Administrative expenses	2,576,760	2,805,616
Interest income	521,021	911,213
Net income (loss) for the year	(2,407,668)	6,680,947
Other comprehensive income (loss)	(9,277,783)	10,851,532
Comprehensive income (loss) for the year	<u>(11,685,451)</u>	<u>17,532,479</u>

9. Gain on legal settlement

Upon the completion of the SPA on July 31, 2015 (note 1), the Company continued to be entitled to its interest in an outstanding receivable of RMB 5,000,000 (\$1,074,134) through a trust agreement with Minco China, a current subsidiary of Minco Silver that was a result of prior-year legal settlement.

The Company engaged a Chinese law firm to recover the remaining RMB 5 million unpaid balance on a contingent fee basis whereby the Company would pay the Chinese law firm 50% of the net amount recovered, which occurred on July 27, 2016 (note 13). As a result, the Company recognized a gain of \$530,789 in 2016.

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***10. Share capital**

a. Common shares

Authorized: 100,000,000 common shares without par value

b. Stock options

Minco Gold may grant options to its directors, officers, employees and consultants under its stock option plan (the "Stock Option Plan"). The Company's board of directors grants such options for periods of up to five years, with vesting periods determined at its sole discretion and at prices equal to or greater than the closing market price on the day preceding the date the options are granted. These options are equity-settled.

The current Stock Option Plan that was adopted and approved on June 27, 2017 provides that options may be granted to directors, employees and consultants or any of its affiliates of the Company on terms determined within the limitations set out in the Option Plan. The Company has implemented a fixed plan whereby it has reserved 10,152,976 shares for issuance under the Plan.

During the year ended December 31, 2017, the Company granted stock options to employees, consultants and directors for the purchase of 2,400,000 common shares at an exercise price ranged from \$0.19 to \$0.24 per common share. These options vest over an 18-month period from the issue date and will expire on five years after issuance if unexercised. A continuity of options is as follow:

	Number outstanding	Weighted average exercise price \$
January 1, 2016	6,589,834	0.72
Exercised	(152,000)	0.26
Forfeited	(72,000)	0.47
Expired	(1,122,500)	2.17
Balance, December 31, 2016	<u>5,243,334</u>	<u>0.43</u>
Granted	2,400,000	0.23
Forfeited	(10,000)	0.26
Expired	(2,255,000)	0.57
Balance, December 31, 2017	<u><u>5,378,334</u></u>	<u><u>0.28</u></u>

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***10. Share capital** (continued)

The Company charged \$308,803, \$100,693, and \$80,248 share-based compensation for 2017, 2016, and 2015 respectively. As at December 31, 2017, there was \$80,708(2016 - \$6,662) of unrecognized compensation cost relating to invested stock options.

Options outstanding				Options exercisable	
Range of exercise prices \$	Number outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number exercisable	Weighted average exercise price \$
0.18 – 0.24	3,403,334	3.76	0.23	1,669,996	0.24
0.25 – 0.42	885,000	1.05	0.26	885,000	0.26
0.43 – 0.46	1,090,000	0.04	0.46	1,090,000	0.46
	<u>5,378,334</u>	<u>2.56</u>	<u>0.31</u>	<u>3,664,996</u>	<u>0.34</u>

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

	2017	2016	2015
Risk-free interest rate	0.78% - 1.74%	-	0.78% - 1.68%
Dividend yield	0%	-	0%
Volatility	97%	-	86%
Forfeiture rate	21%	-	23%
Estimated expected lives	5 years	-	5 years

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

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***11. Income tax**

No income taxes were recorded due to sufficient loss available.

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to the loss before income taxes. These differences result from the following items:

	2017 \$	2016 \$	2015 \$
Net income (loss)	(3,297,578)	7,217,068	14,320,556
	26%	26%	26%
Income tax recovery at statutory rates	(857,370)	1,876,438	3,723,345
Non-taxable (deductible) expenses	80,641	26,375	19,159
Difference/change in tax rates	-	(671,958)	1,093,732
Difference in gain on disposition of Minco Resources	-	-	(6,662,076)
Reduction of tax attributes from sale of Minco Resources	-	-	6,668,881
Expiry of non-capital loss carry forward	-	-	300,755
Deferred income tax asset not recognized	791,748	(1,245,922)	(5,252,629)
Other	(15,019)	15,067	108,833
Provision for tax expenses	-	-	-

Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant components of unrecognized deferred income tax assets and liabilities at December 31, 2017 and 2016 are as follows:

	2017 \$	2016 \$
Deferred income tax assets (liabilities) not recognized		
Non-capital loss	4,473,755	3,718,815
Resource expenditures	534,069	680,236
Capital assets	36,236	34,127
Investments	(832,557)	(1,043,545)
Capital loss	1,036,875	1,066,999
	<u>5,248,378</u>	<u>4,456,631</u>

No deferred income tax asset has been recognized as realization is not considered probable due to the uncertainty of future taxable income.

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***11. Income tax (continued)**

The Company has approximately \$16,569,465 of operating losses in Canada. The expiries for Canadian non-capital loss carry forwards are as follows:

	\$
2026	1,442,234
2028	1,582,716
2029	1,270,045
2030	1,285,615
2031	1,933,078
2032	2,131,656
2033	1,535,838
2034	1,324,803
2035	1,201,864
2036	1,558,996
2037	1,302,620
	<u>16,569,465</u>

12. Commitments

The Company has commitments in respect of office leases requiring minimum payments (including a share of operating costs) of \$258,045 as follows:

	\$
2018	53,429
2019	45,311
2020	46,487
2021 - 2023	112,818
	<u>258,045</u>

The above lease commitment is related to a Vancouver office that is shared by Minco Silver and Minco Base Metal Corporation (note 13).

13. Related party transactionsInvestments

Refer to Note 7 for description of the Company's relationship and transaction with its investees, El Olivar and Minco Silver.

Trust agreement with Minco China

When the Company disposed its Chinese subsidiaries on July 31, 2015 to Minco Silver, the Company ceased to have subsidiaries in China (note 1). As a result, the Company entered into a trust agreement with Minco China, a subsidiary of Minco Silver, to hold the Retained Asset in China on behalf of the Company. This trust agreement was eliminated on June 30, 2017 after the net proceeds from the disposition of the Retained Assets in 2016 have been received by the Company.

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***13. Related party transactions (continued)**Shared office expenses

Minco Silver and Minco Gold share offices and certain administrative expenses in Beijing up to July 31, 2015. Minco Silver, Minco Base Metals Corporation ("MBM"), a company with which the Company's CEO has significant influence over, and Minco Gold shared offices and certain administrative expenses in Vancouver.

Due from related parties

As at December 31, 2017, the Company had the following amounts due from related parties:

- \$27,523 due from Minco Silver (December 31, 2016 – 205,145), in relation to share office expenses.
- \$11,422 due from MBM (December 31, 2016 - \$18,527), in relation to shared office expenses

The amounts due to and due from related parties are unsecured, non-interest bearing and payable on demand.

Key management compensation

Key management includes the Company's directors and senior management. This compensation is included in exploration costs and administrative expenses.

For the years ended December 31, 2017, 2016 and 2015, compensation to key management are as follows:

	2017	2016	2015
	\$	\$	\$
Cash remuneration	347,686	313,016	333,729
Share-based compensation	269,737	80,702	67,405
Total	<u>617,423</u>	<u>393,717</u>	<u>401,134</u>

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

14. Financial instruments and fair value

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 income or comprehensive income. Those categories are: loans and receivables, other financial liabilities and financial assets measured at fair value through profit or loss.

The following table summarizes the carrying value of financial assets and liabilities at December 31, 2017 and 2016:

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***14. Financial instruments and fair value (continued)**

December 31,	2017 \$	2016 \$
Fair value through profit and loss		
Investments at fair value (note 7)	13,614,050	12,307,860
Loans and receivables		
Cash	3,642,328	4,575,119
Short-term investment	271,455	3,352,062
Receivables	25,713	169,380
Due from related parties	38,945	223,672
Other Financial Liabilities		
Accounts payable	<u>186,635</u>	<u>211,424</u>

Fair value measurement

As at December 31, 2017 and 2016, financial instruments that are not measured at fair value on the balance sheet are represented by cash, short-term investments, receivables, due from related parties, account payable and accrued liabilities, and due to related parties. The fair values of these financial instruments approximate their carrying value due to their short-term nature.

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

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

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

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

The Company's financial assets measured at fair values through profit or loss are as follows:

December 31, 2017	Level 1 \$	Level 2 \$	Level 3 \$
Investment at fair value	<u>12,866,912</u>	<u>-</u>	<u>747,138</u>

Fair value of investments classified as level 3 are reconciled as follows:

	December 31, 2016 \$	Additions \$	December 31, 2017 \$	Unrealized gain (loss) recognized in profit or loss \$
400,000 units of EI Olivar (Note 7)	537,860	-	502,138	(35,722)
1,071,428 share purchase warrants of Hudson Resources Inc. ("HUD"), a Canadian public company	-	150,000	245,000	95,000

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***14. Financial instruments and fair value** (continued)

During 2017, the amount of unrealized gain associated with level 3 financial instrument that have been recognized in the profit and loss, the gain or loss recognized in other comprehensive income (loss), and the amounts transfer in and out of level 3 financial instruments were \$95,000, \$Nil and \$Nil respectively.

The fair value of the investment in EI Olivar on December 31, 2017 was US\$400,000 (\$502,138) which was estimated based on latest market transaction value of this investment, which was from December 2016 (US\$400,000 or \$537,860), when the Company first acquired the investment.

The fair value of this investment on December 31, 2017 only changed as a result of movements in foreign exchange, as there are no significant events identified during 2017 resulting in a change in fair value of EI Olivar. The principal business of EI Olivar is to construct and operate a processing manufacturing plant of gold mining ores and tailings in Peru. A change in the strength of Peru's currency relative to Canadian dollars, a change in the price of gold, and receipt of all the required permits for the construction and operation of the processing plant will impact the fair value of this investment. No significant change was noted in these areas in 2017.

The Company has used Black-Scholes option pricing models to value those 1,071,428 share purchase warrant of HUD with the following assumptions applied: Annual volatility of 85%; risk free rate of 1.66% per annum; exercise price of \$0.25 per share; expected dividend of 0%, and expected life of 2.2 years. The share price of HUD, and the above factors will have significant impacts to the fair value of the share purchase warrants.

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.

Credit risk

Counterparty credit risk is the risk that the financial benefits of contracts with a specific counterparty will be lost if the counterparty defaults on its obligations under the contract. This includes any cash amounts owed to the Company by these counterparties, less any amounts owed to the counterparty by the Company where a legal right of set-off exists and also includes the fair value contracts with individual counterparties which are recorded in the consolidated financial statements. The Company considers the following financial assets to be exposed to credit risk:

- Cash and cash equivalents— In order to manage credit and liquidity risk the Company places its cash in two major financial institutions in Canada (subject to deposit insurance up to \$100,000).
- Short-term investment – The Company places all of its short-term investment, mainly term deposits, with a major financial institution in Canada.

Minco Gold Corporation

Notes to the Consolidated Financial Statements

For the years ended December 31, 2017, 2016, and 2015*(in Canadian dollars)***14. Financial instruments and fair value** (continued)Market price risk

Price risk is the risk that the fair value of an investment measured at FVTPL will fluctuate because of changes in market prices (other than those arising from foreign currency risk or interest rate risk). The Company's investments at fair value at public entities are subject to price risk.

The Company's private market investments are also subject to price risk as they are impacted by many general and specific market variables.

A 10% increase/decrease in the value of all public equity and private market investments would result in an approximate increase/decrease in the value of public and private market exposure and unrealized gain/loss in the amount of approximately \$1.36 million.

Foreign exchange risk

The Company's functional currency is the Canadian dollar. The foreign currency risk is related to US dollar funds and investments denominated in US dollars held in the entity. Therefore the Company's net earnings are impacted by fluctuations in the valuation of the US dollar in relation to the Canadian dollar.

As at December 31, 2017, the Company had cash of \$3.6 million and investment at fair value of \$0.48 million that were denominated in US dollar. A 10% change in the currency exchange rate (US dollar to Canadian dollar) will affect the Company's result of operations by approximately \$0.41 million. The Company does not have any currency hedges for its foreign exchange exposure.

Interest rate risk

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

The Company holds short-term investments such as guaranteed investment certificates at fixed interest rates. As a result, the Company is not exposed to significant interest rate risk.

15. Capital management

The Company's objectives in the managing of the liquidity and capital are to safeguard the Company's ability to continue as a going concern and provide the financial capacity to meet its strategic objectives. The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued share capital, contributed surplus, accumulated and other comprehensive income and accumulated deficit.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt and/or acquire or dispose of assets to facilitate the management of its capital requirements. The Company prepares annual expenditure budgets that are updated as necessary depending upon various factors, including successful capital deployment and general industry conditions. As at December 31, 2017, the Company did not have long term liabilities for settlement.

16. Subsequent events

On January 31, 2018, the Company granted stock options to purchase 3,580,000 common shares to employees, consultants and directors at an exercise price of \$0.17 per common share. These options vest over an 18 month period from the issue date and will expire five years after issuance on January 31, 2023.

See also note 7 for the Company's acquisition and disposition of investments after the year end.

Minco Silver Corporation

Consolidated Financial Statements

For the years ended December 31, 2017, 2016 and 2015

(Expressed in Canadian dollars, unless otherwise stated)

Management's Responsibility for Financial Reporting

The consolidated financial statements are the responsibility of the Board of Directors and management. The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain estimates that reflect management's best judgments on information currently available. In the opinion of management, the accounting practices utilized are appropriate in the circumstances and the consolidated financial statements fairly reflect the financial position, results of operations, and cash flow of the Company within reasonable limits of materiality.

The Audit Committee of the Board of Directors is composed of three Directors and meets with management and the independent auditors to review the scope and results of the annual audit and to review the consolidated financial statements and related financial reporting matters prior to submitting the consolidated financial statements to the Board of Directors for approval.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, Chartered Professional Accountants, who were appointed by the shareholders. The auditors' report outlines the scope of their examination and their opinion on the consolidated financial statements.

Dr. Ken Cai
President and CEO

Larry Tsang, CPA, CA
Chief Financial Officer

Vancouver, Canada
March 27, 2018

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Minco Silver Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated statements of financial position of Minco Silver Corporation and its subsidiaries, (together, the Company) as of December 31, 2017 and 2016, and the related consolidated statements of operations and net income (loss), comprehensive income (loss), changes in shareholders' equity and cash flows for each of the three years ended December 31, 2017, including the related notes (collectively referred to as the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016, and their financial performance and their cash flows for the years then ended in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits of these consolidated financial statements in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

(Signed) "PricewaterhouseCoopers LLP"

Chartered Professional Accountants

Vancouver, British Columbia, Canada

March 27, 2018

We have served as the Company's auditor since 2009.

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Minco Silver Corporation

Consolidated Statements of Financial Position

(Expressed in Canadian dollars, unless otherwise stated)

	December 31, 2017 \$	December 31, 2016 \$
Assets		
Current assets		
Cash and cash equivalents (note 5)	22,102,526	20,195,199
Short-term investments (note 6)	25,338,081	31,410,880
Receivables	612,140	541,293
Due from related parties (note 12)	-	163,167
Prepaid expenses and deposits	250,001	202,213
	<u>48,302,748</u>	<u>52,512,752</u>
Mineral interests (note 7)	61,098,589	59,141,579
Property, plant and equipment	208,662	295,612
	<u>109,609,999</u>	<u>111,949,943</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	474,699	424,635
Due to minority shareholders of a subsidiary (note 8)	164,000	-
Due to related parties (note 12)	27,523	205,145
	<u>666,222</u>	<u>629,780</u>
Equity		
Equity attributable to owners of the parent		
Share capital (note 10(a))	107,538,681	107,216,932
Contributed surplus	25,498,500	22,682,099
Accumulated other comprehensive income	6,530,421	6,795,087
Deficit	(41,767,830)	(36,692,296)
	<u>97,799,772</u>	<u>100,001,822</u>
Non-controlling interest (note 8)	11,144,005	11,318,341
Total equity	<u>108,943,777</u>	<u>111,320,163</u>
Total liabilities and equity	<u>109,609,999</u>	<u>111,949,943</u>

*Commitments (note 14)**Subsequent events (note 17)***Approved by the Board of Directors:**

(signed) Maria Tang Director

(signed) George Lian Director

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

Minco Silver Corporation

Consolidated Statements of Operations and Net Income (Loss)

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)*

	2017	2016	2015
	\$	\$	\$
Administrative expenses			
Audit, legal and regulatory	250,154	271,656	284,789
Amortization	70,681	97,692	106,674
Consulting	84,014	105,665	161,074
Directors' fees	95,000	99,500	116,000
Field office expenses	459,904	442,022	860,980
Investor relations	12,337	65,919	16,297
Office administration expenses	258,626	345,643	237,310
Property investigation	-	-	31,331
Rent	317,322	417,590	376,544
Salaries and benefits	611,652	519,353	440,095
Share-based compensation (note 10(b))	2,245,859	143,312	146,742
Travel and transportation	50,029	68,408	27,780
Loss before finance and other income (expenses)	(4,455,578)	(2,576,760)	(2,805,616)
Finance and other income (expenses)			
Foreign exchange gain (loss)	(1,365,447)	(340,446)	4,173,854
Gain on disposal of investment (note 9)	15,332	-	4,792,888
Loss on short-term investment	(46,058)	-	-
Interest income	637,478	521,021	911,213
Other income (expenses)	9,057	(11,483)	(391,392)
	(749,638)	169,092	9,486,563
Net income (loss) for the year	(5,205,216)	(2,407,668)	6,680,947
Net income (loss) attributable to:			
Shareholders of the Company	(5,075,534)	(2,224,253)	6,827,186
Non-controlling interest	(129,682)	(183,415)	(146,239)
	(5,205,216)	(2,407,668)	6,680,947
Income (loss) per share – basic and diluted	(0.09)	(0.04)	0.11
Weighted average number of common shares outstanding – basic and diluted	60,621,427	59,977,212	59,631,418

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

Minco Silver Corporation

Consolidated Statements of Comprehensive Income (loss)

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)*

	2017	2016	2015
	\$	\$	\$
Net income (loss) for the year	(5,205,216)	(2,407,668)	6,680,947
Other comprehensive income (loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Unrealized gain on investment, net of tax (note 9)	-	-	7,125,020
Realized gain reclassified to net loss on disposal of investment, net of tax (note 9)	-	-	(4,100,844)
Exchange differences on translation from functional to presentation currency	(309,320)	(9,277,783)	7,827,356
Other comprehensive income (loss) for the year	<u>(309,320)</u>	<u>(9,277,783)</u>	<u>10,851,532</u>
Comprehensive income (loss) for the year	<u>(5,514,536)</u>	<u>(11,685,451)</u>	<u>17,532,479</u>
Comprehensive income (loss) attributable to:			
Shareholders of the Company	(5,340,200)	(10,242,887)	17,446,647
Non-controlling interest	(174,336)	(1,442,564)	85,832
	<u>(5,514,536)</u>	<u>(11,685,451)</u>	<u>17,532,479</u>

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

Minco Silver Corporation

Consolidated Statements of Changes in Shareholders' Equity

Years ended December 31, 2017 and 2016*(Expressed in Canadian dollars, unless otherwise stated)*

	Changes in Shareholders' Equity							
	Number of Shares	Share capital \$	Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Subtotal \$	Non-controlling interest \$	Total equity \$
Balance - January 1, 2015	59,631,418	106,630,256	22,615,759	4,194,260	(41,295,229)	92,145,046	-	92,145,046
Non-controlling interest in acquisition	-	-	-	-	-	-	12,675,073	12,675,073
Net income for the year	-	-	-	-	6,827,186	6,827,186	(146,239)	6,680,947
Other comprehensive income	-	-	-	10,619,461	-	10,619,461	232,071	10,851,532
Share-based compensation	-	-	361,874	-	-	361,874	-	361,874
Balance - December 31, 2015	59,631,418	106,630,256	22,977,633	14,813,721	(34,468,043)	109,953,567	12,760,905	122,714,472
Net loss for the year	-	-	-	-	(2,224,253)	(2,224,253)	(183,415)	(2,407,668)
Other comprehensive loss	-	-	-	(8,018,634)	-	(8,018,634)	(1,259,149)	(9,277,783)
Share-based compensation	-	-	256,928	-	-	256,928	-	256,928
Issuance of shares - options exercised	614,995	586,676	(223,245)	-	-	363,431	-	363,431
Reversal of share-based compensation relating to performance share unit (note 10(b))	-	-	(329,217)	-	-	(329,217)	-	(329,217)
Balance - December 31, 2016	60,246,413	107,216,932	22,682,099	6,795,087	(36,692,296)	100,001,822	11,318,341	111,320,163
Net loss for the year	-	-	-	-	(5,075,534)	(5,075,534)	(129,682)	(5,205,216)
Other comprehensive loss	-	-	-	(264,666)	-	(264,666)	(44,654)	(309,320)
Share-based compensation	-	-	2,938,049	-	-	2,938,049	-	2,938,049
Issuance of shares - options exercised	458,335	321,749	(121,648)	-	-	200,101	-	200,101
Balance - December 31, 2017	60,704,748	107,538,681	25,498,500	6,530,421	(41,767,830)	97,799,772	11,144,005	108,943,777

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

Minco Silver Corporation

Consolidated Statements of Cash Flows

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)*

	2017	2016	2015
	\$	\$	\$
Operating activities			
Net income(loss) for the year	(5,205,216)	(2,407,668)	6,680,947
Adjustments for:			
Amortization	70,681	97,692	106,674
Foreign exchange loss (gain)	1,365,447	340,446	(4,173,854)
Share-based compensation (note 10(b))	2,245,859	143,313	146,742
Gain on disposal of investment	(15,332)	-	(4,792,888)
Unrealized gain on investment	46,058	-	-
Changes in items of working capital:			
Receivables	(72,369)	(66,070)	(28,020)
Prepaid expenses and deposits	(48,019)	(9,804)	115,728
Accounts payable and accrued liabilities	50,176	(125,491)	4,695
Due from/to related parties (note 12)	(16,548)	196,390	(428,425)
Net cash used in operating activities	<u>(1,579,263)</u>	<u>(1,831,192)</u>	<u>(2,368,401)</u>
Financing activities			
Proceeds from stock option exercises	200,101	363,431	-
Proceeds from a share subscription of a 51%-owned subsidiary (note 8)	163,223	-	-
Net cash generated from financing activities	<u>363,324</u>	<u>363,431</u>	<u>-</u>
Investing activities			
Development costs	(1,472,034)	(1,787,942)	(1,811,422)
Cash inflows as result of acquisition of subsidiaries (note 3)	-	-	1,347,693
Proceeds from disposition investments (note 9)	500,276	-	18,682,204
Acquisition of investments (note 9)	(484,947)	-	-
Proceeds from disposition of property, plant and equipment	14,827	-	7,164
Purchase of short-term investments	(14,002,812)	(7,740,766)	(16,941,170)
Redemption of short-term investments	19,061,887	5,889,960	11,288,990
Net cash generated from (used in) investing activities	<u>3,617,201</u>	<u>(3,638,748)</u>	<u>12,573,459</u>
Effect of exchange rates on cash and cash equivalents	<u>(493,934)</u>	<u>(900,856)</u>	<u>4,058,962</u>
Increase (decrease) in cash and cash equivalents	<u>1,907,327</u>	<u>(6,007,365)</u>	<u>14,264,020</u>
Cash and cash equivalents - Beginning of year	<u>20,195,199</u>	<u>26,202,564</u>	<u>11,938,544</u>
Cash and cash equivalents - End of year	<u><u>22,102,526</u></u>	<u><u>20,195,199</u></u>	<u><u>26,202,564</u></u>

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

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015

(Expressed in Canadian dollars, unless otherwise stated)

1. General information

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

As at December 31, 2017, Minco Gold Corporation (“Minco Gold”) owned an 18.04% (December 31, 2016 – 18.26%) equity interest in Minco Silver.

2. Basis of preparation

These consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). These consolidated financial statements were approved by the board of directors for issue on March 27, 2018.

3. Summary of significant accounting policies

Consolidation

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

Information about subsidiaries:

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

(i) The Company acquired these subsidiaries on July 31, 2015. The Company’s operating results and cash flow in 2015 only include the results of these subsidiaries from August 1 to December 31, 2015.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)***3. Summary of significant accounting policies** (continued)**Consolidation** (continued)

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

Foreign currency translation

(i) Functional and presentation currency

The financial statements of each entity in the group are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The consolidated financial statements are presented in Canadian dollars.

The functional currency of Minco Silver Corporation is Canadian dollars.

The functional currency of Minco HK and Minco Resources is Canadian dollars.

The functional currency of the Company’s Chinese subsidiaries is Renminbi (“RMB”).

The financial statements of the Company’s Chinese subsidiaries (“foreign operations”) are translated into the Canadian dollar presentation currency as follows:

- Assets and liabilities – at the closing rate at the date of the statement of financial position
- Income and expenses – at the average rate of the period (as this is considered a reasonable approximation of actual rates)

All resulting changes are recognized in other comprehensive income (loss) as translation adjustments.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from the item are considered to form part of the net investment in a foreign operation and are recognized in other comprehensive income.

When an entity disposes of its entire interest in a foreign operation, or loses control, joint control, or significant influence over a foreign operation, the foreign currency gains or losses accumulated in other comprehensive income related to the foreign operation are recognized in profit or loss. If an entity disposes a part of an interest in a foreign operation which remains a subsidiary, a proportionate amount of foreign currency gains or losses accumulated in other comprehensive income related to the subsidiary are reallocated between controlling and non-controlling interests.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency of an entity using the exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in currencies other than an operation’s functional currency are recognized in the statement of operations and net loss.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)***3. Summary of significant accounting policies (continued)****Financial instruments**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expires.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial instruments in the following categories:

(i) Financial assets and liabilities at fair value through profit or loss: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term.

Financial instruments in this category are recognized initially and subsequently at fair value. Transaction costs are expensed in the consolidated statement of operations. Gains and losses arising from changes in fair value are presented in the consolidated statement of operations within other gains and losses in the period in which they arise. Financial assets and liabilities at fair value through profit or loss are classified as current except for the portion expected to be realized or paid beyond twelve months of the balance sheet date, which is classified as non-current.

(ii) Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Company's loans and receivables are comprised of cash and cash equivalents, short-term investments, receivables, and deposits and amounts due from related parties.

Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method less a provision for impairment.

Cash and cash equivalents comprise cash at banks and on hand and guaranteed investment certificates with initial maturities of less than three months. Short-term investments comprise guaranteed investment certificates with initial maturity of greater than three months.

(iii) Available-for-sale financial assets: Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or not classified in any of the other categories.

Available-for-sale assets are initially recorded at fair value plus transaction costs, and are subsequently carried at fair value. All unrealized gains and losses arising from changes in the fair value of assets classified as available-for-sale are recognized directly in other comprehensive income, except for unrealized foreign exchange gains or losses on monetary financial assets and impairment losses which are recognized in the consolidated statement of operations. Any reversal of a previously recognized impairment loss on a non-monetary asset is recognized directly in other comprehensive income. Realized gains and losses from the derecognition of available-for-sale assets are recognized in the consolidated statement of operations in the period derecognized with any unrealized gains or losses being recycled from other comprehensive income.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)***3. Summary of significant accounting policies (continued)**

(iv) Financial liabilities at amortized cost: Financial liabilities at amortized cost include accounts payable and accrued liabilities and amounts due to related parties.

Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are presented as non-current liabilities.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset (other than a financial asset classified as fair value through profit or loss) is impaired.

The criteria used to determine if objective evidence of impairment exists include:

- (i) significant financial difficulty of the obligor;
- (ii) delinquencies in interest and principal payments; and
- (iii) it becomes probable that the borrower will enter bankruptcy or other financial reorganization.

For equity securities, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired.

Financial assets carried at amortized cost: If evidence of impairment exists, the Company recognizes an impairment loss as the difference between the amortized cost of the loan or receivable and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost and available-for-sale debt instruments are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

The carrying amount of a replaced asset is derecognized when replaced.

The major categories of property, plant and equipment are depreciated on a straight-line basis as follows:

Computer, Office Equipment and Furniture	5 years
Mining Equipment	5 years
Site Motor Vehicles	10 years
Leasehold Improvements	remaining lease term

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)***3. Summary of significant accounting policies (continued)**

Impairment losses are included as part of other gains and losses on the consolidated statements of operations and net loss.

Exploration and evaluation costs

Exploration and evaluation costs include costs to acquire exploration rights, geological studies, exploratory drilling and sampling and directly attributable administrative costs.

Exploration and evaluation costs relating to non-specific projects or properties or those incurred before the Company has obtained legal rights to explore an area are expensed in the period incurred. In addition, exploration and evaluation costs other than direct acquisition costs are expensed before a mineral resource is identified as having economic potential.

Exploration and evaluation costs are capitalized as mineral interests when a mineral resource is identified as having economic potential on a property. A mineral resource is considered to have economic potential when it is expected that documented resources can be legally and economically developed considering long-term metal prices. Therefore, prior to capitalizing such costs, management determines that the following conditions have been met:

- i) there is a probable future benefit that will contribute to future cash inflows;
- ii) the Company can obtain the benefit and control access to it;
- iii) the transaction or event giving rise to the benefit has already occurred.

Once the technical feasibility and commercial viability of the extraction of resources from a particular mineral property has been determined, mineral interests are reclassified to mine properties within property, plant and equipment and carried at cost until the properties to which they relate are placed into commercial production, sold, abandoned or determined by management to be impaired in value.

Costs relating to any producing mineral interests would be amortized on a unit-of-production basis over the estimated ore reserves. Costs incurred after the property is placed into production that increase production volume or extend the life of a mine are capitalized.

Proceeds from the sale of properties or cash proceeds received from option payments are recorded as a reduction of the related mineral interest.

Impairment of non-financial assets

The recoverability of mineral interests is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to option its resource properties, the ability to obtain the necessary financing to complete their development and future profitable production or proceeds from the disposition thereof.

The Company performs impairment tests on property, plant and equipment and mineral interests when events or circumstances occur which indicate the assets may not be recoverable. Impairment assessments are carried out on a project by project basis with each project representing a single cash generating unit.

When impairment indicators are identified, an impairment loss is recognized for any amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)***3. Summary of significant accounting policies (continued)**

Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and from its ultimate disposal.

The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Share-based payments**(i) Stock Options**

The Company grants stock options to directors, officers, employees and service providers. Each tranche in an award is considered a separate award with its own vesting period. The Company applies the fair value method of accounting for share-based payments and the fair value is calculated using the Black-Scholes option pricing model.

Share-based payments for employees and others providing similar services are determined based on the grant date fair value. Share-based payments for non-employees are determined based on the fair value of the goods/services received or options granted measured at the date on which the Company obtains such goods/services.

Compensation expense is recognized over each tranche's vesting period, in earnings or capitalized as appropriate, based on the number of awards expected to vest. If stock options are ultimately exercised, the applicable amounts of contributed surplus are transferred to share capital.

(ii) Performance Share Units ("PSU")

PSUs are equity-settled and are awarded to certain key employees. These units are subject to certain vesting requirements and expire at the end of three years. Vesting requirements are based on performance criteria established by the Company. PSUs are fair valued as follows: the portion of the PSUs related to market conditions is fair valued based on application of a Monte Carlo pricing model or other suitable option pricing models at the date of grant and the portion related to non-market conditions is fair valued based on the market value of the shares at the date of grant. The Company's compensation expense is recognized over the vesting period based on the number of units estimated to vest. Management estimates the number of awards likely to vest on grant and at each reporting date up to the vesting date. Annually, the estimated forfeiture rate is adjusted for actual forfeitures in the period. On vesting of PSUs, the shares are issued from treasury.

Provision for restoration and rehabilitation

A provision for restoration and rehabilitation is recognized when there is a present legal or constructive obligation as a result of exploration and development activities undertaken; it is more likely than not that an outflow of economic benefits will be required to settle the obligation and the amount of the provision can be measured reliably. The estimated future obligation includes the cost of removing facilities, abandoning sites and restoring the affected areas.

The provision for future restoration costs is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date. The estimated cost is capitalized into the cost of the related asset and amortized on the same basis as the related assets.

If the estimated cost does not relate to an asset, it is charged to earnings in the period in which the event giving raises to the liability occurs.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)***3. Summary of significant accounting policies (continued)**

As at December 31, 2017 and 2016, the Company did not have any provision for restoration and rehabilitation.

Income tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Earnings per share

Basic earnings per share are computed using the weighted average number of common shares outstanding during the year. Diluted earnings per share amounts are calculated giving effect to the potential dilution that would occur if securities or other contracts to issue common shares were exercised or converted to common shares using the treasury stock method. If the Company incurs net losses in a fiscal year, basic and diluted losses per share are the same.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Accounting standards and amendments issued but not yet applied

IFRS 9 is a *comprehensive 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. The effective date is for annual periods beginning on or after January 1, 2018. We are in the process of assessing the new standard and expect no significant impact on adoption.

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). This standard is effective from January 1, 2019... We are currently evaluating the impact of IFRS 16 on our financial statements.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)***4. Critical accounting estimates and judgments**

The preparation of financial statements requires management to use judgment in applying its accounting policies and 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 judgment 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, commodity prices, future plans for the Company's mineral properties and mineral resources and/or reserve estimates.

Management has assessed for impairment indicators for the Company's mineral interests and has concluded that no indicators of impairment were identified and the Company plans to continue with its objective of developing the combined Fuwan / Changkeng project.

5. Cash and cash equivalents

Cash and cash equivalents comprise cash and term deposits with initial maturities less than three months and are broken down as follow:

December 31,	2017	2016
	\$	\$
Cash	9,983,575	2,206,082
Term deposits	12,118,951	17,989,117
	<u>22,102,526</u>	<u>20,195,199</u>

As at December 31, 2017, cash and cash equivalents of \$15,662,255 (or RMB 81,176,416) (December 31, 2016 - \$4,995,478 (or RMB 25,796,400)) resides in China. Under Chinese law, cash advanced to the Company's Chinese subsidiaries as registered share capital is maintained in the subsidiaries' registered capital bank account. Remittance of these funds back to Canada requires approvals by the relevant government authorities or designated banks in China or both.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)***6. Short-term investments**

As at December 31, 2017, short-term investments consisted of the following:

	Currency	Amount (\$)	Term	Interest per annum
Corporate bonds	USD	4,032,685	June 18, 2018 to November 4, 2019	3.22 % to 4.93%
Term deposit	USD	3,498,917	April 30, 2018	1.8 to 2.14%
Term deposit	RMB	15,441,479	6 to 12 months	1.6% to 2.15%
Term deposit	CAD	2,365,000	October 10, 2018	2.05%
		<u>25,338,081</u>		

As at December 31, 2017, short-term investments of \$15,441,479 (or RMB 80,032,150) (December 31, 2016 - \$25,975,769 (or RMB 134,137,574)) resided in China.

As at December 31, 2016, short-term investments consisted of cashable term deposits with one year to maturity. The yields on these investments were between 1.43% and 2.15%.

Remittance of these funds back to Canada requires approvals by the relevant government authorities or designated banks in China or both

7. Mineral interests

	2017 \$	2016 \$
Fuwan Silver Project (a)	36,626,372	35,287,777
Changkeng Project (c)	24,472,217	23,853,802
Total mineral interests	<u>61,098,589</u>	<u>59,141,579</u>

(a) Fuwan Silver Project

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

Minco Silver Corporation
Notes to the Consolidated Financial Statements
Years ended December 31, 2017, 2016, and 2015

(Expressed in Canadian dollars, unless otherwise stated)

7. Mineral interests (continued)

Following is a summary of the capitalized expenditures of the Fuwan Silver Project:

	2017	2016
	\$	\$
Opening Balance – January 1	35,287,777	37,565,101
Consulting fees	192,826	390,802
Salaries and benefits	339,150	337,137
Share-based compensation (note 10(b))	346,095	(215,602)
Mine design costs	-	8,882
Mining license application	207,033	365,316
Environment impact assessment	1,386	68,612
Travel	45,530	43,215
Others	323,599	293,320
Effect of change in the exchange rate with RMB	(117,024)	(3,569,006)
Ending Balance – December 31	36,626,372	35,287,777

(b) Fuwan Silver Belt

As at December 31, 2017, the Company had two exploration permits on the Fuwan Silver Belt: the Hecun Property and the Guyegang-Sanyatang Property. The Guyegang-Sanyatang permit expired on March 17, 2017 and has been recently extended to September 10, 2019. The Hecun permit expires on August 12, 2018.

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

(c) Changkeng Gold Project

The Company holds a 51% interest in Mingzhong which owns the Changkeng Gold Project. The Changkeng Gold Project immediately adjoins the Fuwan Silver Project.

The Changkeng exploration permit expires on September 10, 2019.

Following is a summary of capitalized costs of the Changkeng Gold Project:

	2017	2016
	\$	\$
Opening Balance – January 1	23,853,802	26,110,954
Consulting	192,826	18,102
Salaries and benefits	163,786	131,259
Share-based compensation (note 10(b))	346,095	-
Mine design	774	48,749
Others	1,164	1,928
Effect of change in the exchange rate with RMB	(86,230)	(2,457,190)
Ending Balance – December 31	24,472,217	23,853,802

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)***7. Mineral interests** (continued)

The Company intends to renew all the permits when they expire in the future.

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

8. Non-controlling interest ("NCI")

Below is a summary of the financial information of Mingzhong:

Financial positions:**December 31,**

	2017	2016	2015
	\$	\$	\$
NCI percentage	49%	49%	49%
Current assets	291,755	272,119	977,783
Current liabilities	<u>(554,576)</u>	<u>(109,658)</u>	<u>(154,860)</u>
Net current assets (liabilities)	(262,821)	162,461	822,923
Non-current asset	23,948,038	23,368,426	26,110,954
Net assets	<u>23,685,217</u>	<u>23,530,888</u>	<u>26,933,877</u>
Accumulated NCI	<u>11,144,005</u>	<u>11,318,341</u>	<u>12,760,905</u>

Income statements:**Years ended December 31,**

	2017	2016	2015
	\$	\$	\$
Net loss	264,657	374,316	268,447
Loss allocated to non-controlling interest	<u>129,682</u>	<u>183,415</u>	<u>146,239</u>

Summary of statements of cash flows:**Years ended December 31,**

	2017	2016	2015
	\$	\$	\$
Cash inflows (outflow) from operating activities	62,130	(1,081,958)	45,695
Cash inflow from financing activities	163,223	-	-
Cash inflow (outflows) from investing activities	<u>(166,071)</u>	<u>(512,078)</u>	<u>169,639</u>

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)***8. Non-controlling interest ("NCI") (continued)**

During the year ended December 31, 2017, Mingzhong initiated equity financing to raise capital to finance its operations and has received the following from its shareholders:

- \$602,780 from the Company subsequent to the year ended December 31, 2017
- \$164,000 and \$178,390 before and after the year ended December 31, 2017 from its minority shareholders.

The equity financing is not completed as of the date of this report.

9. Investments

During the year ended December 31, 2017, the Company acquired a portfolio of common shares of public companies from the open market. These investments are designated as fair-value-through-profit-or-loss (FVTPL) financial assets and valued at their fair value at inception and at each subsequent reporting period. The Company realized a gain of \$15,332 when the whole portfolio was disposed during the year.

During the year ended December 31, 2016, there were no transactions in connection with investments.

In 2015, the Company disposed all of its interest in Gold Road Resources Limited, a company with shares traded on the Australian securities exchange, for net proceeds of \$18,682,204. As a result, a gain of \$4,792,888 and a net recovery of other comprehensive loss of \$3,024,176 were recorded in 2015.

10. Share capital**(a) Common Shares**

Authorized: Unlimited number of common shares without par value.

(b) Long-term Incentive Plan

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

Stock Options

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

During the year ended December 31, 2016, no stock options were granted.

On February 20, 2017, the Company granted stock options for 4,000,000 common shares to its directors, officers and employees at a weighted exercise price of \$1.40 per share that vest over an 18-month period from the grant date.

Minco Silver Corporation
Notes to the Consolidated Financial Statements
Years ended December 31, 2017, 2016, and 2015

(Expressed in Canadian dollars, unless otherwise stated)

10. Share capital (continued)

(b) Long-term Incentive Plan (continued)

Stock Options (continued)

The Company recorded \$2,712,629 of the option component of share-based compensation for the year ended December 31, 2017. Share-based compensation expense of \$2,168,089 (2016 - \$183,278, 2015 - \$135,634) was recorded in the statement of operations and net loss and share-based compensation of \$544,540 (2016 - \$73,649, 2015 - \$64,692) was capitalized to mineral interests.

A summary of the options outstanding is as follows:

	Number outstanding	Weighted average exercise price \$
Balance, January 1, 2016	6,485,667	2.16
Exercised	(614,995)	0.59
Expired	(1,305,000)	5.31
Forfeited	(285,000)	2.08
Balance, December 31, 2016	4,280,672	1.43
Granted	4,000,000	1.40
Exercised	(458,335)	0.44
Expired	(1,415,000)	2.34
Forfeited	(257,000)	1.63
Balance, December 31, 2017	6,150,337	1.27

The weighted average share price on the days options were exercised was \$1.32 (2016 - \$1.27, 2015 - \$Nil). As at December 31, 2017, there was \$568,722 (2016 - \$15,864) of total unrecognized compensation cost relating to unvested options.

Options outstanding			Options exercisable		
Range of exercise prices \$	Number Outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number exercisable	Weighted average exercise price \$
0.42 – 0.79	673,337	2.71	0.42	673,337	0.42
0.80 – 0.81	665,000	1.06	0.80	665,000	0.80
0.82 – 2.00	4,000,000	4.14	1.40	1,333,328	1.40
2.01 – 2.35	812,000	0.08	1.70	812,000	1.70
	6,150,337	3.11	1.27	3,483,665	1.17

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)***10. Share capital** (continued)

(b) Long-term Incentive Plan (continued)

Stock Options (continued)

Subsequent to the year ended December 31, 2017, 812,000 options were expired.

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

	2017	2016
Risk-free interest rate	0.66%-1.16%	-
Dividend yield	0%	-
Volatility	75% - 79%	-
Forfeiture rate	24%	-
Estimated expected lives	5 years	-

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

Performance Share Units ("PSU")

A summary of the PSUs outstanding is as follows:

	Number outstanding	Weighted average fair value \$
Balance, January 1, 2016	735,000	0.80
Forfeited	(735,000)	0.80
Balance, December 31, 2016	-	-
Granted	1,000,000	1.40
Balance, December 31, 2017	1,000,000	1.40

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

PSU are vested when each of the Performance Criteria is met on or before February 20, 2020, the end of the three-year performance cycle. Each PSU will become one common share of the Company when it is vested.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)***10. Share capital** (continued)

(b) Long-term Incentive Plan (continued)

Performance Share Units (continued)

The fair value of the PSU's was estimated as \$1.40 per unit at the grant date based on the share price on that date. The Company recognizes compensation expenses equal to the market value of the PSU granted over the vesting period using the Black-Schole option pricing model taking into consideration forfeiture estimates made based on the Company's history.

During the year ended December 31, 2017, the Company recorded \$225,420 (2016 - \$Nil, 2015 - \$Nil) of share-based compensation to account for the vesting of PSUs. Share-based compensation of \$77,770 was recorded in the statement of operations (2016 - \$Nil, 2015 - \$Nil) and \$147,650 was capitalized to the Fuwan Silver Deposit and the Changkeng Project (2016 - \$Nil, 2015 - \$Nil) (Note 7 (a) and 7 (c)).

During 2016, the performance criteria of the 735,000 PSU that had been granted in 2013 were not fulfilled before the end of the performance cycle. Consequently all of the 735,000 PSU expired unvested on October 10, 2016. The share-based compensation recorded to the Company's statement of operation and to the share-based compensation capitalized to mineral interest from fiscal 2013 up to the second quarter of 2016 was reversed accordingly.

11. Income taxes

Income tax expense differs from the amount that would result from applying the Canadian federal and provincial income tax rates to earnings before income taxes. These differences result from the following items:

	2017	2016	2015
	\$	\$	\$
Income (loss) before income taxes	(5,205,216)	(2,407,668)	6,680,947
Statutory income tax rate	26%	26%	26%
Expected tax recovery at statutory income tax rate	(1,353,356)	(625,994)	1,737,046
Non-deductible expenses and other items	584,008	509,573	63,663
Difference in tax rates	(68,431)	4,524	(607,441)
Expiry of losses	2,785,786		
Temporary differences from acquisition transaction	-	-	(3,435,860)
Change in deferred income tax asset not recognized	(2,074,518)	(95,308)	2,858,979
Foreign exchange	126,511	207,205	(616,387)
Income tax expense	-	-	-

Deferred income taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant components of unrecognized deferred income tax assets and liabilities at December 31, 2017 and 2016 are as follows:

	2017	2016
	\$	\$
Deferred income tax assets not recognized		
Non-capital losses	2,928,079	5,188,584
Mineral interests	1,799,358	1,613,372
	<u>4,727,437</u>	<u>6,801,956</u>

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)***11. Income taxes (continued)**

The Company has non-capital losses carried forward for Canadian income tax purposes which expire as follows:

	\$
2030	1,614,942
2031	1,880,258
2032	2,229,724
2034	1,470,692
2036	954,126
2037	968,168
	<u>9,117,910</u>

The Company's Chinese subsidiaries have non-capital losses carried forward for China income tax purposes which expire as follows:

	\$
2018	1,052,339
2019	239,772
2020	224,763
2021	7,342
2022	419,370
	<u>1,943,586</u>

12. Related party transactions(a) Trust agreement with Minco Gold

During 2015, the Company entered into a trust agreement with Minco Gold to hold certain receivables and mineral interests in China. This trust agreement was eliminated on June 30, 2017 when the Company remitted the proceeds from the disposition of all of the Minco Gold's assets to Minco Gold.

(b) Shared expenses

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

(c) Due to and due from related parties

	December 31, 2017	December 31, 2016
	\$	\$
Due from Minco Base Metal (i)	-	163,167
Due to Minco Gold (ii)	<u>27,523</u>	<u>205,145</u>

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)***12. Related party transactions (continued)**

(i) This is the administrative and shared expenses paid by the Company on behalf of Minco Base Metals that is to be reimbursed.

(ii) The amount of \$27,523 represents the shared expenses to be reimbursed to Minco Gold.

The December 31, 2016 amount of \$205,145 was the net payable to Minco Gold in connection with the trust agreement (note 12(a)) and with the shared expenses.

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

In the year ended December 31, 2017, the Company paid or accrued \$106,991 (December 31, 2016 – \$101,377, December 31, 2015 - \$101,701) in respect of rent and \$302,289 (December 31, 2016 – \$304,788, December 31, 2015 - \$563,588) in respect of shared head office expenses and administration costs to Minco Gold.

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

(d) Key management compensation

In the years ended December 31, 2017, 2016 and 2015, the following amounts were paid to and accrued for key management compensation. The compensation accrued as at December 31, 2017 was \$82,257 (2016 - \$97,344). Key management includes the Company's directors and senior management. This compensation is included in development costs and administrative expenses.

	Years ended December 31,		
	2017	2016	2015
	\$	\$	\$
Cash remuneration	812,861	757,649	784,608
Share-based compensation	2,109,551	(46,798)	274,632
	<u>2,922,412</u>	<u>710,851</u>	<u>1,059,240</u>

Share based compensation earned by management during 2016 consisted of the share based compensation earned from option vesting of \$387,048, net of the effect of the PSU reversal of (\$433,846) (Note 10 (b)).

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)***13. Geographical information**

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

December 31, 2017	Canada	China	Total
	\$	\$	\$
Current assets	16,519,308	31,783,440	48,302,748
Non-current assets	4,964	61,302,287	61,307,251
	<u> </u>	<u> </u>	<u> </u>
December 31, 2016	Canada	China	Total
	\$	\$	\$
Current assets	20,946,132	31,566,620	52,512,752
Non-current assets	8,588	59,428,603	59,437,191
	<u> </u>	<u> </u>	<u> </u>

14. Commitments

The Company has the following commitments in respect of its portion of office leases in China and Canada;

	\$
2018	380,209
2019	63,333
2020	53,347
2021 – 2023	128,868
	<u>625,757</u>

15. Financial instruments and fair values

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

	December 31, 2017	December 31, 2016
	\$	\$
Loans and receivables		
Cash and cash equivalents	22,102,526	20,195,199
Short-term investments	25,338,081	31,410,880
Receivables	612,140	541,293
Due from related parties	-	163,167

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)***15. Financial instruments and fair values (continued)**

	December 31, 2017	December 31, 2016
	\$	\$
Other financial liabilities		
Due to related party	27,523	205,145
Accounts payable and accrued liabilities	474,699	424,635
Accounts payable to minority shareholders	164,000	-

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

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

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

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

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

Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate 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 Minco Silver 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 Minco Silver and its Chinese subsidiaries. Therefore, the Company's net loss is 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\$15.8 million monetary assets at year-end. This sensitivity analysis shows that a change of +/- 10% in US\$ foreign exchange rate would have a +/- US\$1.6 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 mainly holds short-term investments such as guaranteed investment certificates at fixed interest rates. As a result, the Company is not exposed to significant interest rate risk.

Minco Silver Corporation

Notes to the Consolidated Financial Statements

Years ended December 31, 2017, 2016, and 2015*(Expressed in Canadian dollars, unless otherwise stated)***15. Financial instruments and fair values (continued)****Liquidity risk**

Liquidity risk includes the risk that the Company cannot meet its financial obligations as they fall due. The Company has in place a planning and budgeting process to help determine the funds required to support the Company's normal operating requirements and its exploration and development plans. The annual budget is approved by the Company's board of directors. The Company ensures that there are sufficient cash balances to meet its short-term business requirements. As at December 31, 2017, the Company has a positive working capital of approximately \$47.6 million and therefore has sufficient funds to meet its current operating and exploration and development obligations. However, the Company will require significant additional funds to complete its plans for the construction of the Fuwan project.

16. Capital management

The Company's objectives in the managing of the liquidity and capital are to safeguard the Company's ability to continue as a going concern and provide the financial capacity to meet its strategic objectives. The capital structure of the Company consists of equity attributable to common shareholders, comprising of issued share capital, common share purchase warrants, contributed surplus, accumulated other comprehensive income and accumulated deficit.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt and/ or acquire or dispose of assets to facilitate the management of its capital requirements. The Company prepares annual expenditure budgets that are updated as necessary depending upon various factors, including successful capital deployment and general industry conditions. The annual and updated budgets are approved by the Company's board of directors.

As at December 31, 2017, the Company does not have any long-term debt and has sufficient funds to meet its current operating and exploration and development obligations.

17. Subsequent event

On February 14, 2018, the Company granted 1,968,000 stock options to purchase common shares to employees, consultants and directors at an exercise price of \$0.69 per common share. These options vest over an 18 month period from the grant date and expire on February 14, 2023.

SIGNATURES

The registrant hereby certifies that it meets all requirements for filing on Form 20-F and that it has duly caused the undersigned to sign this annual report on its behalf.

MINCO GOLD CORPORATION

By: "Ken Z. Cai"

Ken Z. Cai, Chief Executive Officer

MINCO GOLD CORPORATION.

STOCK OPTION PLAN**1. PURPOSE OF THE PLAN**

The Company hereby establishes a stock option plan for directors, senior officers, Employees, Consultants, Consultant Company or Management Company Employees (as such terms are defined below) of the Company and its subsidiaries, or an Eligible Charitable Organization (collectively "**Eligible Persons**"), to be known as the "Stock Option Plan" (the "**Plan**"). The purpose of the Plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options, exercisable over periods of up to ten years, as determined by the board of directors of the Company, to buy shares of the Company at a price equal to the Market Price prevailing on the date the option is granted less applicable discount, if any, permitted by the policies of the Exchange and approved by the Board.

2. DEFINITIONS

In this Plan, the following terms shall have the following meanings:

2.1 "**Associate**" means an "Associate" as defined in the TSX Policies.

2.2 "**Board**" means the Board of Directors of the Company.

2.3 "**Change of Control**" means the acquisition by any person or by any person and all Joint Actors, whether directly or indirectly, of voting securities (as defined in the *Securities Act*) of the Company, which, when added to all other voting securities of the Company at the time held by such person or by such person and a Joint Actor, totals for the first time not less than fifty percent (50%) of the outstanding voting securities of the Company or the votes attached to those securities are sufficient, if exercised, to elect a majority of the Board of Directors of the Company.

2.4 "**Company**" means Minco Gold Corporation and its successors.

2.5 "**Consultant**" means a "Consultant" as defined in the TSX Policies.

2.6 "**Consultant Company**" means a "Consultant Company" as defined in the TSX Policies.

2.7 "**Disability**" means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:

(a) being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries; or

(b) acting as a director or officer of the Company or its subsidiaries.

2.8 "**Discounted Market Price**" of Shares means, if the Shares are listed only on the TSX Venture Exchange, the Market Price less the maximum discount permitted under the TSX Policy applicable to Options.

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- 2.9 **"Eligible Charitable Organization"** means an "Eligible Charitable Organization" as defined in the TSX Policies.
- 2.10 **"Eligible Persons"** has the meaning given to that term in section 1 hereof.
- 2.11 **"Employee"** means an "Employee" as defined in the TSX Policies.
- 2.12 **"Exchange"** means the TSX Venture Exchange and, if applicable, any other stock exchange on which the Shares are listed.
- 2.13 **"Exchange Hold Period"** means a four month resale restriction imposed by TSX Policies.
- 2.14 **"Expiry Date"** means the date set by the Board under subsection 3.1 of the Plan, as the last date on which an Option may be exercised.
- 2.15 **"Grant Date"** means the date specified in the Option Agreement as the date on which an Option is granted.
- 2.16 **"Insider"** means an "Insider" as defined in the British Columbia *Securities Act*.
- 2.17 **"Investor Relations Activities"** means "Investor Relations Activities" as defined in the TSX Policies.
- 2.18 **"Joint Actor"** means a person acting "jointly or in concert with" another person as that phrase is interpreted in Multi-lateral Instrument 62-104, *Take-Over Bids and Issuer Bids*.
- 2.19 **"Management Company Employee"** means a "Management Company Employee" as defined in the TSX Policies.
- 2.20 **"Market Price"** of Shares at any Grant Date means the last closing price per Share on the trading day immediately preceding the day on which the Company announces the grant of the option or, if the grant is not announced, on the Grant Date, or if the Shares are not listed on any stock exchange, "Market Price" of Shares means the price per Share on the over-the-counter market determined by dividing the aggregate sale price of the Shares sold by the total number of such Shares so sold on the applicable market for the last day prior to the Grant Date.
- 2.21 **"Option"** means an option to purchase Shares granted pursuant to this Plan.
- 2.22 **"Option Agreement"** means an agreement, in the form attached hereto as Schedule "A", whereby the Company grants to an Optionee an Option.
- 2.23 **"Optionee"** means each of Eligible Persons granted an Option pursuant to this Plan and their heirs, executors and administrators.
- 2.24 **"Option Price"** means the price per Share specified in an Option Agreement, adjusted from time to time in accordance with the provisions of section 5.
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- 2.25 "Option Shares" means the aggregate number of Shares which an Optionee may purchase under an Option.
- 2.26 "Plan" means this Stock Option Plan.
- 2.27 "Shares" means the common shares in the capital of the Company as constituted on the Grant Date provided that, in the event of any adjustment pursuant to section 5, "Shares" shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.
- 2.28 "Securities Act" means the *Securities Act*, R.S.B.C. 1996, c.418, as amended, as at the date hereof.
- 2.29 "TSX Policies" means the policies included in the TSX Venture Exchange Corporate Finance Manual and "TSX Policy" means any one of them.
- 2.30 "Unissued Option Shares" means the number of Shares which have, at a particular time, been reserved for issuance upon the exercise of an Option but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5, such adjustments to be cumulative.
- 2.31 "Unlisted Issuer" means a company, corporation trust or limited partnership which has no securities listed or quoted on any stock exchange, nor has outstanding securities for which trading is reported to or through a stock exchange or public market.
- 2.32 "Vested" means that an Option has become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement.

3. GRANT OF OPTIONS

3.1 Option Terms

The Board may from time to time authorize the allocation and issue of Options to specific Eligible Persons of the Company and its subsidiaries. The Option Price under each Option so allocated shall be not less than the Discounted Market Price on the Grant Date. The Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than ten years after the Grant Date. Options shall not be assignable (or transferable) by the Optionee. Both the Company and the Optionee are responsible for ensuring and confirming that the Optionee is a *bona fide* Eligible Person.

3.2 Limits on Shares Issuable on Exercise of Options

The maximum number of Shares which may be issuable pursuant to options granted under the Plan shall be 10,152,976 Shares. The number of Shares reserved for issuance under the Plan and all of the Company's other previously established or proposed share compensation arrangements at any time:

- (a) to all Insiders shall not exceed 10% of the total number of issued and outstanding shares on a non-diluted basis (unless otherwise approved by the disinterested shareholders of the Company); and
- (b) to any one Optionee shall not exceed 5% of the total number of issued and outstanding shares on a non-diluted basis (unless otherwise approved by the disinterested shareholders of the Company).

The number of Shares which may be issuable under the Plan and all of the Company's other previously established or proposed share compensation arrangements, within a 12 month period:

- (a) to all Insiders shall not exceed 10% of the total number of issued and outstanding shares on a non-diluted basis (unless otherwise approved by the disinterested shareholders of the Company);
- (b) to any one Optionee, shall not exceed 5% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis (unless otherwise approved by the disinterested shareholders of the Company);
- (c) to any one Consultant shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis; and
- (d) to all Eligible Persons who undertake Investor Relations Activities shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis, which Options must be vested in stages over not less than 12 months and no more than one-quarter (1/4) of such Options may be vested in any three (3) month period. The Company must publicly announce by press release at the time of the grant, any Options granted to Eligible Persons who undertake Investor Relations Activities

3.3 Eligible Charitable Organizations

Notwithstanding the foregoing limitations, Options may be granted to Eligible Charitable Organizations for up to one percent (1%) of the total issued and outstanding shares of the Company from time to time, provided that such Options must expire on the earlier of: (i) 10 years from the date of the grant, and (ii) 90 days after the date that the optionee ceases to be an Eligible Charitable Organization.

3.4 Option Agreements

Each Option shall be confirmed by the execution of an Option Agreement. Each Optionee shall have the option to purchase from the Company the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee. For stock options to Employees, Consultants, Consultant Company or Management Company Employees, each of the Company and the Optionee is representing herein and in the applicable Option Agreement that the Optionee is a bona fide Employee, Consultant, Consultant Company or Management Company Employee, as the case may be, of the Company or its subsidiary. The execution of an Option Agreement shall constitute conclusive evidence that it has been completed in compliance with this Plan.

4. EXERCISE OF OPTION

4.1 When Options May be Exercised

Subject to subsections 4.3 and 4.4, an Option may be exercised to purchase any number of Shares up to the number of Vested Unissued Option Shares at any time after the Grant Date up to 4:00 p.m. local time on the Expiry Date and shall not be exercisable thereafter.

4.2 Manner of Exercise

The Option shall be exercisable by delivering to the Company a notice specifying the number of Shares in respect of which the Option is exercised together with payment in full of the Option Price for each such Share. Upon notice and payment there will be binding contract for the issue of the Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Delivery of the Optionee's certified cheque or bank draft payable to the Company in the amount of the Option Price shall constitute payment of the Option Price unless the cheque is not honoured upon presentation in which case the Option shall not have been validly exercised.

4.3 Vesting of Option Shares

The Directors in their sole discretion may or may not determine and impose terms upon which each Option shall become Vested in respect of Option Shares; and provided that if the Option is being granted to an Eligible Person who is providing Investor Relations Activities to the Company, then the Option must vest in stages over not less than 12 months and no more than one-quarter (1/4) of such Options may be vested in any three (3) month period.

4.4 Termination of Employment

If an Optionee ceases to be an Eligible Person, his or her Option shall be exercisable as follows:

(a) Death or Disability

If the Optionee ceases to be an Eligible Person, due to his or her death or Disability or, in the case of an Optionee that is a company, the death or Disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of:

- (i) 365 days after the date of death or Disability; and
 - (ii) the Expiry Date.
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(b) Termination For Cause

If the Optionee, or in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person as a result of termination for cause, as that term is interpreted by the courts of the jurisdiction in which the Optionee, or, in the case of a Management Company Employee or a Consultant Company, of the Optionee's employer, is employed or engaged; any outstanding Option held by such Optionee on the date of such termination, whether in respect of Option Shares that are Vested or not, shall be cancelled as of that date.

(c) Early Retirement, Voluntary Resignation or Termination Other than For Cause

If the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Company's retirement policy then in force, or due to his or her termination by the Company other than for cause, or due to his or her voluntary resignation, the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of the Expiry Date and the date which is thirty (30) days after the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person.

For greater certainty, an Option that had not become Vested in respect of certain Unissued Option Shares at the time that the relevant event referred to in the subsection 4.4 occurred, shall not be or become vested or exercisable in respect of such Unissued Option Shares and shall be cancelled.

4.5 Effect of a Take-Over Bid

If a *bona fide* offer (an "Offer") for Shares is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the *Securities Act*, subject to the consent of the Exchange, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon the Option Shares subject to such Option will become Vested and the Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the Option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become Vested pursuant to subsection 4.3 shall be reinstated. If any Option Shares are returned to the Company under this subsection 4.5, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

4.6 Acceleration of Expiry Date

If at any time when an Option granted under the Plan remains unexercised with respect to any Unissued Option Shares, an Offer is made by an offeror, the Directors may, upon notifying each Optionee of full particulars of the Offer, declare all Option Shares issuable upon the exercise of Options granted under the Plan, are Vested (subject to the proviso below), and declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer, PROVIDED THAT where an Option was granted to a consultant providing Investor Relations Activities, the Directors declaration that Option Shares issuable upon the exercise of such Options granted under the Plan be Vested with respect to such Option Shares, is subject to prior approval of the Exchange. The Directors shall give each Optionee as much notice as possible of the acceleration of the Options under this section, except that not less than 5 business days and not more than 35 days notice is required.

4.7 Effect of a Change of Control

If a Change of Control occurs, all Option Shares subject to each outstanding Option will become Vested, whereupon such Option may be exercised in whole or in part by the Optionee, subject to the prior consent of the Exchange.

4.8 Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement

If the Optionee, or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company, the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Option Shares which were not Vested at that time or which, if Vested, were cancelled, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

4.9 Shares Not Acquired

Any Unissued Option Shares not acquired by an Optionee under an Option which has expired may be made the subject of a further Option pursuant to the provisions of the Plan.

4.10 Extension of Term During Trading Black Out

In the event the Expiry Date of an Option falls on a date during a trading black out period that has been self imposed by the Company, the Expiry Date of the Option will be extended to the 10th business day following the date that the self imposed trading black out period is lifted by the Company. For greater certainty, the Expiry Date of an Option will not be extended in the event a cease trade order is issued by a securities regulatory authority against the Company or an Optionee.

4.11 Exchange Hold Period

If either (i) the Option Price is less than the Market Price at the time of the grant to any Optionee, or (ii) the Option is granted to a director, officer, promoter or other insider of the Company, and unless the Option grant is qualified by prospectus, or issued under a securities take-over bid, rights offering, amalgamation, or other statutory procedure, then the Option will bear an Exchange Hold Period, and the following legend will be inserted onto the first page of the Option Agreement:

Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and any securities issued upon exercise thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until ■, 20 ■ [i.e., four months and one day after the date of grant].

5. ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES

5.1 Share Reorganization

Whenever the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a "**Share Reorganization**") then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

- (a) the Option Price will be adjusted to a price per Share which is the product of:
 - (i) the Option Price in effect immediately before that effective date or record date; and
 - (ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and
- (b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in subparagraph (a)(ii).

5.2 Special Distribution

Subject to the prior approval of the Exchange, whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares:

- (a) shares of the Company, other than the Shares;
- (b) evidences of indebtedness;
- (c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board of Directors of the Company has determined to be outside the normal course); or
- (d) rights, options or warrants,

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a "Special Distribution"), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

5.3 Corporate Organization

Whenever there is:

- (a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Company, other than as described in subsections 5.1 or 5.2;
- (b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities; or
- (c) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation,

(any such event being herein called a "Corporate Reorganization") the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Directors.

5.4 Determination of Option Price and Number of Unissued Option Shares

If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Company's auditor, or, if they decline to so act, any other firm of Chartered Accountants in Vancouver, British Columbia, that the Directors may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

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5.5 Regulatory Approval

Any adjustment to the Option Price or the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of subsection 5.1, 5.2 or 5.3 is subject to the approval of the Exchange where required pursuant to their policies, and compliance with the applicable securities rules or regulations of any other governmental authority having jurisdiction.

6. MISCELLANEOUS

6.1 Right to Employment

Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company to terminate such employment.

6.2 Necessary Approvals

The Plan shall be effective immediately upon the approval of the Board of directors of the Company, where the Company is a non-reporting issuer. If the Company is a reporting issuer whose Shares are listed on any Exchange, then the Plan shall be effective only upon the approval of the shareholders of the Company given by way of an ordinary resolution by the disinterested shareholders of the Company, where such prior approval is required by the policies of the Exchange, and the written acceptance of the Plan by the Exchange. Any Options granted under this Plan before such prior approval shall only be exercised upon the receipt of such approval, where required by the policies of the Exchange. Disinterested shareholder approval (as required by the Exchange) will also be obtained for any reduction in the exercise price of any Option granted under this Plan, if the Optionee is an Insider of the Company at the time of the proposed amendment. The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to compliance with the policies of the Exchange and applicable securities rules or regulations of any governmental authority having jurisdiction. If any Shares cannot be issued to any Optionee for any reason, including, without limitation, the failure to comply with such policies, rules or regulations, then the obligation of the Company to issue such Shares shall terminate and any Option Price paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

6.3 Administration of the Plan

The Directors shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in subsection 5.4, the interpretation and construction of any provision of the Plan by the Directors shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

6.4 Income Taxes

As a condition of participation in the Plan, any Optionee shall on request authorize the Company in writing to withhold from any remuneration otherwise payable to the Optionee any amounts required by any taxing authority to be withheld for taxes and contributions of any kind as a consequence of the Optionee's participation in the Plan.

6.5 Amendments to the Plan

The Directors may from time to time, subject to applicable law and to the prior approval, if required, of the Exchange or any other regulatory body having authority over the Company or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any option previously granted to an Optionee under the Plan without the consent of that Optionee. Any amendments to the Plan or options granted thereunder to Insiders will be subject to the approval of the shareholders, where such approval is required by the policies of the Exchange.

6.6 Form of Notice

A notice given to the Company shall be in writing, signed by the Optionee and delivered to the head business office of the Company.

6.7 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

6.8 Compliance with Applicable Law

If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or Exchange having authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

6.9 No Assignment

No Optionee may assign any of his or her rights under the Plan or any Option granted thereunder.

6.10 Rights of Optionees

An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Unissued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

6.11 Conflict

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

6.12 Governing Law

The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the Province of British Columbia.

6.13 Time of Essence

Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

6.14 Entire Agreement

This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.

Approved by the Board of Directors on May 16, 2017.

SCHEDULE "A"

MINCO GOLD CORPORATION
STOCK OPTION PLAN

OPTION AGREEMENT

[Note: If either (i) the Option Price is less than the Market Price at the time of the grant to any optionee, or (ii) the option is granted to a director, officer, promoter or other insider of the Company, and except if the grant is qualified by prospectus, or issued under a securities take-over bid, rights offering, amalgamation, or other statutory procedure, then insert the following legend:] *Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and any securities issued upon exercise thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until ■[four months and one day after the date of grant]. Unless permitted under securities legislation, the Optionee must not trade the Option Shares until ■[four months and one day after the date of grant].*

This Option Agreement is entered into between Minco Gold Corporation (the "Company") and the Optionee named below pursuant to the Company Stock Option Plan (the "Plan"), a copy of which is attached hereto, and confirms that:

1. on ■, 20■ (the "Grant Date");
 2. ■ (the "Optionee");
 3. was granted the option (the "Option") to purchase ■ Common Shares (the "Option Shares") of the Company;
 4. for the price (the "Option Price") of \$■ per share;
 5. ■ which shall be exercisable ("Vested") as to 1/3 of the Option Shares at the end of the first six (6) months from the Grant Date, a further 1/3 of the original number of Option Shares at the end of the first twelve (12) months from the Grant Date, and a further 1/3 of the original number of Option Shares at the end of the first eighteen (18) months from the Grant Date;
 6. terminating on the ■, 20■ (the "Expiry Date");
 7. when exercised, the Company will forthwith calculate all applicable Canadian government withholding taxes of the Optionee, and Canada or Quebec (if applicable) Pension Plan contributions, and the Optionee agrees to remit to the Company such taxes and contributions to the Company, which will be remitted by the Company to Canada Revenue Agency and reflected on any annual statement of remuneration issued by the Company; and
-

8. by signing this Option Agreement, the Optionee acknowledges and consents to:

- (a) the disclosure of Personal Information by the Company to the TSX Venture Exchange (the "Exchange") (as defined in Exchange Appendix 6A – see Appendix I hereto) pursuant to the Exchange Form 4G which the Company is required to file in connection with this Option grant; and
- (b) the collection, use and disclosure of Personal Information by the Exchange for the purposes described in Appendix 6A or as otherwise identified by the Exchange, from time to time;

(Where "Personal Information" means any information about the Optionee, and includes the information contained in the tables, as applicable, found in Exchange Form 4G),

all on the terms and subject to the conditions set out in the Plan.

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the ■ day of ■, 20■.

MINCO GOLD COPORATION

Per:

Optionee

Authorized Signatory

Appendix I



APPENDIX 6A ACKNOWLEDGEMENT – PERSONAL INFORMATION

TSX Venture Exchange Inc. and its affiliates, authorized agents, subsidiaries and divisions, including the TSX Venture Exchange (collectively referred to as “the Exchange”) collect Personal Information in certain Forms that are submitted by the individual and/or by an Issuer or Applicant and use it for the following purposes:

- to conduct background checks,
- to verify the Personal Information that has been provided about each individual,
- to consider the suitability of the individual to act as an officer, director, insider, promoter, investor relations provider or, as applicable, an employee or consultant, of the Issuer or Applicant,
- to consider the eligibility of the Issuer or Applicant to list on the Exchange,
- to provide disclosure to market participants as to the security holdings of directors, officers, other insiders and promoters of the Issuer, or its associates or affiliates,
- to conduct enforcement proceedings, and
- to perform other investigations as required by and to ensure compliance with all applicable rules, policies, rulings and regulations of the Exchange, securities legislation and other legal and regulatory requirements governing the conduct and protection of the public markets in Canada.

As part of this process, the Exchange also collects additional Personal Information from other sources, including but not limited to, securities regulatory authorities in Canada or elsewhere, investigative, law enforcement or self-regulatory organizations, regulations services providers and each of their subsidiaries, affiliates, regulators and authorized agents, to ensure that the purposes set out above can be accomplished.

The Personal Information the Exchange collects may also be disclosed:

- (a) to the agencies and organizations in the preceding paragraph, or as otherwise permitted or required by law, and they may use it in their own investigations for the purposes described above; and
- (b) on the Exchange’s website or through printed materials published by or pursuant to the directions of the Exchange.

The Exchange may from time to time use third parties to process information and/or provide other administrative services. In this regard, the Exchange may share the information with such third party service providers.

EXHIBIT 12.1

**CERTIFICATION
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ken Z. Cai, certify that:

1. I have reviewed this annual report on Form 20-F of **Minco Gold Corporation**;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 30, 2018

/s/ Ken Z. Cai
Ken Z. Cai, Chief Executive Officer

EXHIBIT 12.2

**CERTIFICATION
AS ADOPTED PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Larry Tsang, certify that:

1. I have reviewed this annual report on Form 20-F of **Minco Gold Corporation**;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report;
4. The company's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the company and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and
5. The company's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the company's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the company's internal control over financial reporting.

Date: April 30, 2018

/s/ Larry Tsang
Larry Tsang, Chief Financial Officer

Exhibit 13.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 20-F of Minco Gold Corporation for the year ended December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Annual Report"), I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: April 30, 2018

/s/ Ken Z. Cai
Ken Z. Cai, Chief Executive Officer

Exhibit 13.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report on Form 20-F of Minco Gold Corporation for the year ended December 31, 2017, as filed with the Securities and Exchange Commission on the date hereof (the "Annual Report"), I hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Annual Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of the registrant.

Date: April 30, 2018

/s/ Larry Tsang
Larry Tsang, Chief Financial Officer

Exhibit 99.1

Glossary of Geological Terms

- (A) **"757 Team"** means the No. 757 Geo-Exploration Team of the Guangdong Geological Exploration Bureau, an entity owned and controlled by the Guangdong Geological Bureau of the PRC government.
- (B) **"alteration"** means chemical and mineralogical changes in a rock mass resulting from reaction with hydrothermal fluids or changes in pressure and temperature.
- (C) **"anomalous"** means adjective describing a sample, location or area at which either (i) the concentration of an element(s) or (ii) a geophysical measurement which is significantly different from (generally higher than) the average background concentrations in an area. Though it may not constitute mineralization, an anomalous sample or area may be used as a guide to the possible location of mineralization.
- (D) **"anomaly"** means an area defined by one or more anomalous points.
- (E) **"antimony"** means a trivalent and pentavalent metalloid element that is commonly metallic silvery white, crystalline, and brittle yet rather soft.
- (F) **"assay"** means an analysis of the contents of metals in mineralized rocks.
- (G) **"Au"** Gold.
- (H) **"breccia"** means a coarse grained rock composed of large, >2mm angular rock fragments that have been cemented together in a fine grained matrix.
- (I) **"Changkeng Permit"** means the reconnaissance survey exploration permit (#T01120080102000011) which expires on October 10, 2013 in respect of the 1.18 km² Changkeng gold property in Gaoyao City of Guangdong Province in southern China.
- (J) **"Changkeng Property"** means the 1.18 km² areaChangkeng gold property covered by Changkeng Permit in Gaoyao City of Guangdong Province in southern China which adjoins the property underlying the Fuwan Silver Permit.
- (K) **"CIM"** Canadian Institute of Mining, Metallurgy and Petroleum
- (L) **"Company"** or **"Minco"** means Minco Gold Corporation (formerly "Minco Mining & Metals Corporation").
- (M) **"deposit"** a mineralized body which has been physically delineated by drilling, trenching and/or underground work and may contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable ore body until final technical, legal and economic factors have been resolved.
- (N) **"diamond drill holes"** a drilling method whereby rock is drilled with a diamond impregnated, hollow drilling bit which produces a continuous, in-situ record of the rock mass intersected in the form of solid cylinders of rock which are referred to as core.
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- (O) **"fault"** or **"block fault"** a fracture in a rock across which there has been displacement. Block faults are usually steep, and break the earth's crust into "blocks" that are displaced vertically and/or laterally relative to each other.
 - (P) **"g/t"** unit of grade expressed in grams/tonne.
 - (Q) **"GGB"** means Guangdong Geological Bureau, an entity owned and controlled by Guangdong Provincial Government of China.the Guangdong Geological Bureau of the PRC government..
 - (R) **"grade"** means the amount of valuable mineral in each tone of ore, expressed as ounces per ton or grams per tonne for precious metal and as a percentage by weight for other metals.
 - (S) **"hydrothermal"** of or pertaining to heated water, to the action of heated water, or to the products of the action of heated water.
 - (T) **"limestone"** a sedimentary rock consisting of chiefly >50% calcium carbonate.
 - (U) **"Luoke-Jilinggang Permit"** means the reconnaissance survey exploration permit (# T01120080402000336) in respect of the 76.62 km² Luoke-Jilinggang silver and multi-metals property in Gaoyao City and Gaomin City, Zhaoqing City of Guangdong Province issued to Foshan Minco and having validity from July 20, 2011 to July 20, 2013.
 - (V) **"Minco Base Metals"** means Minco Base Metals Corporation
 - (W) **"Minco China"** means Minco Mining (China) Corporation.
 - (X) **"Minco Silver"** means Minco Silver Corporation.
 - (Y) **"mineral reserve"** the economically mineable part of a measured mineral resource or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting minerals and allowances for losses that may occur when the material is mined.
 - (Z) **"mineral resource"** a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth's crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.
 - (AA) **"mineralization"** the process or processes by which a mineral or minerals are introduced into a rock, resulting in an economically valuable or potentially valuable deposit.
 - (BB) **"MOLAR"** means The Ministry of Land and Resources of China.
 - (CC) **"outcrop"** an exposure on the surface of the underlying rock.
 - (DD) **"oz"** Troy ounce consisting of 31.1035 grams.
 - (EE) **"Pb"** lead.
-

- (FF) "pyrite" a sulphide mineral of iron and sulphur.
- (GG) "Qualified Person" an individual who is an engineer or geoscientist with at least five years experience in mineral exploration, mine development, production activities and project assessment, or any combination thereof, including experience relevant to the subject matter of the project or report and is a member in good standing of an approved self-regulating organization.
- (HH) "quartz" a common rock-forming mineral comprised of silicon and oxygen (SiO₂).
- (II) "RMB" means the Chinese currency Renminbi.
- (JJ) "sample" a sample of selected rock chips from within an area of interest.
- (KK) "sandstone" a medium grained clastic sedimentary rock.
- (LL) "Sb" antimony.
- (MM) "strike" the direction or trend that a structural surface takes as it intersects the horizontal.
- (NN) "sulphide" a class of minerals commonly combining various elements in varying ratios with a sulphur.
- (OO) "tonne" metric unit of weight consisting of 1000 kilograms.
- (PP) "Triassic" the period of geological time from 225 to 195 million years before present.
- (QQ) "vein" a tabular mineral deposit formed in or adjacent to faults or fractures by the deposition of minerals from hydrothermal fluids.
- (RR) "veinlet" a small vein; the distinction between vein and veinlet tends to be subjective.
-