Minco Base Metals Corporation

(An exploration stage enterprise)

Consolidated Financial Statements

For the years ended September 30, 2015 and 2014

(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 and results of operations of Minco Base Metals Corporation 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, who was 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
Interim Chief Financial Officer

Vancouver, Canada
January 26, 2016

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Minco Base Metals Corporation

We have audited the accompanying consolidated financial statements of Minco Base Metals Corporation, which comprise the consolidated statement of financial position as at September 30, 2015 and the consolidated statement of operation and comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Minco Base Metals Corporation as at September 30, 2015 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other matter

The consolidated financial statements as at September 30, 2014 and for the year then ended, other than the restatement as described in note 3, were audited by other auditors who expressed an opinion without reservation in their report dated January 23, 2015.

We have audited the restatement to the consolidated statement of cash flows for the year ended September 30, 2014, as described in note 3 to the consolidated financial statements. In our opinion, such restatement is appropriate and has been properly applied. We were not engaged to audit, review or apply any procedures to the 2014 consolidated financial statements (restated) of Minco Base Metals Corporation other than with respect to the restatement described above and accordingly, we do not express an opinion or any other form or assurance on the 2014 consolidated financial statements (restated) taken as a whole.

signed "PricewaterhouseCoopers LLP"
Chartered Professional Accountants
Vancouver, British Columbia
January 26, 2016

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Minco Base Metals Corporation

(An exploration stage enterprise)

Consolidated Statements of Financial Position

(Expressed in Canadian dollars, unless otherwise stated)

	September 30, 2015	September 30, 2014
Assets	$	$
Current assets		
Cash and cash equivalents (note 5)	1,600,506	4,816,517
Short-term investments (note 6)	27,228,402	19,572,664
Other receivables (note 7)	392,031	526,646
Prepaid expenses and deposits	18,175	12,739
	29,239,114	24,928,566
Property, plant and equipment (note 8)	38,495	4,737
	29,277,609	24,933,303
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	43,265	44,772
Current taxes payable (note 12)	1,369,331	1,051,432
Due to related parties (note 10)	51,807	47,820
	1,464,403	1,144,024
Shareholders' equity		
Share capital (note 11(a))	665,343	665,343
Contributed surplus	491,045	491,045
Retained earnings	26,656,818	22,632,891
	27,813,206	23,789,279
Subsequent events(note 14)	29,277,609	24,933,303

Approved by the Board of Directors:

	"Ken Cai"	*"Paul Haber"*
	Ken Cai	Paul Haber
	Director	Director

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

Minco Base Metals Corporation

(An exploration stage enterprise)

Consolidated Statements of Operation and Comprehensive Income

For the years ended September 30, 2015 and 2014

(Expressed in Canadian dollars, unless otherwise stated)

	2015	2014
	$	$
Administrative expenses		
Accounting and audit	37,234	34,598
Amortization	4,287	3,377
Consulting	43,311	37,501
Directors' fees	51,000	51,000
Legal, regulatory and filing	30,875	29,308
Office expenses	39,309	35,849
Property investigation	157,397	113,011
Rent	26,761	33,600
Travel	13,286	4,540
Salaries and benefits	97,657	102,934
Share-based compensation (note 11 (b))	-	53,622
Loss before other income	501,117	499,340
Finance and other income		
Foreign exchange gain	4,058,350	1,832,903
Interest income	775,117	745,547
Income for the year before income taxes	4,332,350	2,079,110
Provision for income tax (note 12)	(308,423)	(81,605)
Net income and comprehensive income for the year	4,023,927	1,997,505
Earnings per share		
basic	0.29	0.15
diluted	0.29	0.15
Weighted average number of common shares outstanding		
basic	13,992,257	13,243,547
diluted	14,006,464	13,298,002

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

Minco Base Metals Corporation

(An exploration stage enterprise)

Consolidated Statements of Changes in Shareholders' Equity

For the years ended September 30, 2015 and 2014

(Expressed in Canadian dollars, unless otherwise stated)

	Number of shares	Share capital $	Contributed surplus $	Retained earnings $	Total $
Balance - September 30, 2013	13,104,257	504,995	508,971	20,635,386	21,649,352
Comprehensive income for the year	-	-	-	1,997,505	1,997,505
Proceeds on issuance of shares from exercise of options	888,000	160,348	(71,548)	-	88,800
Share-based compensation	-	-	53,622	-	53,622
Balance - September 30, 2014	13,992,257	665,343	491,045	22,632,891	23,789,279
Comprehensive income for the year	-	-	-	4,023,927	4,023,927
Balance - September 30, 2015	13,992,257	665,343	491,045	26,656,818	27,813,206

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

Minco Base Metals Corporation

(An exploration stage enterprise)
Consolidated Statements of Cash Flows
For the years ended September 30, 2015 and 2014
(Expressed in Canadian dollars, unless otherwise stated)

	2015	2014 (Restated – note 3)
	$	$
Cash flows from operating activities		
Net income for the year	4,023,927	1,997,505
Adjustments for:		
Amortization	4,287	3,377
Share-based compensation (note 11 (b))	-	53,622
Foreign exchange gain related to short term investments and cash and cash equivalents	(4,058,350)	(1,832,903)
Changes in items of working capital:		
Other receivables	134,615	(105,084)
Prepaid expenses and deposits	(5,436)	(3,685)
Accounts payable and accrued liabilities	(1,506)	(1,270)
Due from/to related parties	3,987	(8,890)
Current taxes payable	317,899	124,132
Net cash generated from operating activities	419,422	226,804
Cash flows from financing activities		
Proceeds from exercise of stock options	-	88,800
Net cash generated from financing activities	-	88,800
Cash flows from investing activities		
Purchase of property, plant and equipment	(38,045)	(3,187)
Purchase of short-term investments	(4,240,282)	-
Proceeds from short-term investments	-	53,874
Net cash (used in) generated from investing activities	(4,278,327)	50,687
Effect of exchange rates on cash	642,894	339,904
(Decrease) increase in cash and cash equivalents	(3,216,011)	706,195
Cash and cash equivalents - Beginning of year	4,816,517	4,110,322
Cash and cash equivalents - End of year	1,600,506	4,816,517
Cash paid for income tax	-	-

(Expressed in Canadian dollars, unless otherwise stated)

1. General information

Minco Base Metals Corporation ("MBM" or the "Company") was incorporated on May 22, 2007 under the *Business Corporations Act* (British Columbia). Its principal business activity is the acquisition, exploration and development of resource properties. The Company's registered office is 2772 – 1055 West Georgia Street, Vancouver, British Columbia, Canada.

On June 6, 2007, Minco Gold Corporation ("Minco Gold") and the Company (a wholly owned subsidiary of Minco Gold at the time) entered into an Arrangement Agreement (the "Arrangement") to transfer ownership of the White Silver Mountain project from Minco Gold to the Company. The Company subsequent sold its interest in the White Silver Mountain project in 2010.

Following the disposition in 2010 of the Company's mineral interest, the Company continues to review and assess new mineral exploration or development projects for acquisition.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with and using accounting policies in compliance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These consolidated financial statements were approved by the board of directors for issue on January 26, 2016.

3. Restatement of prior year consolidated statement of cash flow

The Company restated the consolidated statement of cash flows for the year ended 2014 to adjust the presentation of unrealized foreign exchange gains on cash and cash equivalents. The foreign exchange gain on cash and cash equivalents was removed from net cash generated from operating activities and presented as a separate cash flow reconciling line item. As a result, net cash generated from operating activities for 2014 reduced from $566,708 to $226,804 and $339,904 is presented as the effect of exchange rate changes on cash. This restatement did not impact the Company's financial position or income and comprehensive income for the 2014 year.

4. Significant accounting policies

The significant accounting policies used in the preparation of these consolidated financial statements are described below.

Consolidation

These consolidated financial statements include the accounts of the Company and its subsidiary Minco Mining & Metals Limited ("MM&M HK"), a company incorporated in Hong Kong. All intercompany transactions, balances and unrealized gains and losses from intercompany transactions are eliminated on consolidation.

Information about subsidiaries:

Name	Principal activities (ownership interest)	Country of Incorporation
MM&M HK	Treasury company (100%)	Hong Kong

4. Significant accounting policies (continued)

Use of estimates and judgments

The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual areas of estimate include assumptions used in income taxes. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the notes to the financial statements where applicable.

a) Critical judgments in applying accounting policies

Determination of functional currency

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, management determined that the functional currency of the Company and its wholly owned subsidiary is the Canadian dollar. The functional currency of the Company and its wholly owned subsidiary are assessed by management at each reporting period.

b) Key sources of estimation uncertainty

Current taxes payable

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of taxable income. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

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 the Company and its wholly owned subsidiary is Canadian dollars.

(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. 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 operation and comprehensive income.

4. 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 statements in financial position 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 consolidated 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 statements of operation and comprehensive income. Gains and losses arising from changes in fair value are presented in the consolidated statements of operation and comprehensive 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.

(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 equivalent, short-term investments, other receivables and deposits.

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

(iii) Financial liabilities at amortized cost: Financial liabilities at amortized cost include accounts payable and accrued liabilities 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.

4. Significant accounting policies (continued)

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired.

If such evidence exists, the Company recognizes an impairment loss as follows:

Financial assets carried at amortized cost: the loss is the difference between the amortized cost of the loans and receivables 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.

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. Exploration and evaluation cost relating to specific projects or properties after the Company has obtained legal rights to explore are capitalized.

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 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.

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.

4. Significant accounting policies (continued)

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

Leasehold Improvements	remaining lease term
Mining Equipment	5 years
Office Equipment and Furniture	5 years
Vehicle	5 years

Impairment losses are included in as part of other gains and losses on the consolidated statements of operations and comprehensive income.

Share-based payments

The Company grants stock options to directors, officers, employees and consultants. 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 compensation for directors, officers and employees or others providing equivalent services is determined based on the grant date fair value. Compensation expense is recognized over each tranche's vesting period 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.

Provisions

Provisions represent liabilities of the Company for which the amount or timing is uncertain. Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured at the current best estimate required to settle the obligation and when necessary the use of estimation techniques are utilized.

Income tax

Income tax on the statement of operation for the year presented comprises current and deferred tax. Income tax is recognized in the statement of operation except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case the income tax is recognized in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting year, and any adjustment to tax payable in respect of previous years. Current tax assets and current tax liabilities are only offset if a legally enforceable right exists to set off the amounts, and the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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 that is not a business combination and that affects neither accounting nor taxable profit nor loss.

4. Significant accounting policies (continued)

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 period. 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 the period, basic and diluted loss per share is the same.

Adoption of new accounting standards and amendments

Effective October 1, 2014, the Company adopted a new accounting standard.

IFRIC 21 - *Levies*

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

Accounting standards and amendments issued but not yet adopted

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 of this new standard will be for periods beginning on or after January 1, 2018 with early adoption permitted. The Company has not yet assessed the impact of this standard or determined whether it will adopt earlier.

5. Cash and cash equivalents

As at September 30, 2015, cash and cash equivalents consisted of $667,060 (2014-$305,743) cash and $933,446 (2014-$4,510,774) 90-day term deposits, the yields on this term deposit was 1.75%.

	Amount in original currency	**Canadian dollar equivalent ($)**
		September 30, 2015
Cash denominated in Canadian dollars	372,146	372,146
Cash denominated in Chinese RMB	5,819,599	1,228,360
		1,600,506
		September 30, 2014
Cash denominated in Canadian dollars	209,504	209,504
Cash denominated in Chinese RMB	25,421,040	4,607,013
		4,816,517

All of the cash denominated in RMB is maintained in the People's Republic of China ("PRC"), where the remittance of funds to a jurisdiction outside the PRC is subject to government rules and regulations on foreign currency controls. Remittance of these funds back to Canada may require approvals by the relevant government authorities or designated banks in the PRC or both.

The Company is a foreign entity in China and does not have a registered Chinese subsidiary. Therefore it is not allowed to open a bank account in China. In order to hold the funds from the disposition of the Company's interest in Gansu Keyin Mining Co. Ltd. ("Keyin") and the White Silver Mountain property, the Company entered a trust agreement dated December 21, 2009 (the "Trust Agreement") and subsequently renewed on November 30, 2011 with Beijing Zhongjia Kailong Technology Development Co. Ltd. ("Zhongjia"), a Chinese registered entity controlled by a brother of the Chief Executive Officer of the Company.

Pursuant to the Trust Agreement, Zhongjia held the cash denominated in Chinese RMB in trust for the benefit of the Company. The Company was charged $7,168 (2014 - $4,878) for the safekeeping of the funds, which has been recorded in accounting and audit expenses.

6. Short-term investments

Pursuant to the Trust Agreement, Zhongjia held the short-term investments in trust for the benefit of the Company for the years ended September 30, 2015 and 2014.

As at September 30, 2015 short-term investments consisted of 180 – day term deposits and 365 - day term deposits of $27,228,402 (RMB 129,000,000) (2014- $19,572,664 (RMB 108,000,000)) held with a major PRC bank. The yields on these investments were between 2.255% and 3.025% (2014 - 3.30%).

(Expressed in Canadian dollars, unless otherwise stated)

7. Other receivables

	September 30, 2015	September 30, 2014
	$	$
Interest receivable	375,358	523,603
GST/HST receivable	8,673	3,043
Other receivable	8,000	-
	392,031	526,646

Interest income is earned from cash and cash equivalents and short-term investments.

For the year ended September 30, 2015, interest income earned was $775,117 (RMB 3,892,795) (2014-$745,547(RMB 4,235,203)), of which $375,358 (RMB 1,778,334) (2014 - $523,603 (RMB 2,889,190)) was receivable from the bank. The amount of $297,781 (RMB 1,410,797) interest receivable was received subsequent to the year-end.

(Expressed in Canadian dollars, unless otherwise stated)

8. Property, plant and equipment

	Leasehold improvements	Mining equipment	Motor vehicles	Office equipment and furniture	Total
	$	$	$	$	$
Year ended September 30, 2014					
At October 1, 2013	4,927	-	-	-	4,927
Additions	-	-	-	3,187	3,187
Depreciation	(3,112)	-	-	(265)	(3,377)
At September 30, 2014	1,815	-	-	2,922	4,737
At September 30, 2014					
Cost	6,224	-	-	3,187	9,411
Accumulated depreciation	(4,409)	-	-	(265)	(4,674)
Net book value	1,815	-	-	2,922	4,737
Year ended September 30, 2015					
At October 1, 2014	1,815	-	-	2,922	4,737
Additions		22,429	15,616	-	38,045
Depreciation	(1,815)	(663)	(1,171)	(638)	(4,287)
At September 30, 2015	-	21,766	14,445	2,284	38,495
At September 30, 2015					
Cost	6,224	22,429	15,616	3,187	47,456
Accumulated depreciation	(6,224)	(663)	(1,171)	(903)	(8,961)
Net book value	-	21,766	14,445	2,284	38,495

9. Mineral interests

Little Swift River Properties

On February 17, 2015, the Company entered into a property purchase agreement with Zenith Mineral Resources Ltd. ("Zenith"), a private company incorporated in British Columbia, pursuant to which the Company agreed to acquire from Zenith 100% of certain mineral properties and related plant and equipment (the "Assets") for cash consideration of $3,820,000 (the "Purchase Price").

The mineral properties consist of 15 placer mineral claims and 1 mineral lease in British Columbia, Canada. The plant and equipment includes equipment, tools, buildings, plants, structures, fixtures, improvement and other assets utilized by Zenith in the exploration and development of the mineral properties.

The Company paid an initial deposit of $382,000 to Zenith on February 17, 2015. The Company had the right to conduct a sampling program on the property before paying the Final Purchase Price Installment in the amount of $3,438,000.

On April 27, 2015, the Company advanced $75,000 to Zenith to be used as a deposit to the B.C. Ministry of Energy and Mines to allow Zenith to continue its work programs on the property.

On August 10, 2015, after the completion of the sampling program, the Company sent a notice to Zenith to advise that the Company did not wish to complete the payment for the final Purchase Price Installment. Therefore, per the agreement, Zenith was required to repay the Initial Purchase Price and the advance back to the Company.

On September 23, the Company received a refund in the total amount of $457,000 from Zenith.

QR Placer Gold Project

On November 13, 2015, the Company entered into a property purchase agreement with A. WOB Holding Ltd. ("WOB"), a private company incorporated in British Columbia, in which the Company agreed to acquire from WOB the 100% right, title and interest for the QR placer gold project (the "QR Project") located near Quesnel, British Columbia for cash consideration of $880,000.

On November 16, 2015, the Company paid $880,000 for the QR Project, and the 15 placer claims and 1 mineral lease have been transferred to the Company.

On November 16, 2015, the Company also paid a finder's fee of $30,000 for the QR Project.

10. Related party transactions

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

(Expressed in Canadian dollars, unless otherwise stated)

10. Related party transactions (Continued)

Shared expenses

(a) The Company paid Minco Gold $131,229 during the year (2014 – $161,761), representing shared office expenses and administrative expenses paid by Minco Gold on the Company's behalf. The amount due to Minco Gold as at September 30, 2015 was $18,444 (2014 - $47,622).

(b) The Company paid Minco Mining (China) Corporation ("Minco China"), a subsidiary of Minco Silver $19,417 (RMB 91,993) during the year (2014 – $310,052 RMB 1,710,000), representing miscellaneous expenses paid by Minco China on the Company's behalf. The amount due to Minco China as at September 30, 2015 was $33,363 (RMB 158,065) (2014 - $198 (RMB 1,092).

(c) During the year ended September 30, 2015, the Company paid $20,235 (2014 - $27,825) in respect of rent, and $149,673 (2014 - $209,383) in respect of other shared office expenses and administrative expenses to Minco Gold.

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

Key management compensation

During the years ended September 30, 2015 and 2014, the following compensation was paid to key management. Key management includes the Company's directors and senior management. This compensation is included in administrative expenses.

	Years ended September 30,	
	2015	**2014**
	$	$
Cash remuneration	160,326	228,785
Share-based compensation	-	53,622
Total	160,326	282,407

The Company has a consulting agreement with the President and Chief Executive Officer of the Company for corporate administration and consulting services for $3,000 per month. The cost incurred relating to this consulting agreement is included in the table above.

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

Exchange of funds with Minco Silver

As the majority of the Company's funds are held in China, and the remittance of these funds back to Canada require approval by the relevant government authorities or designated banks in China or both, the Company periodically borrows Canadian funds from Minco Silver in Canada, and repays the amounts in RMB to Minco Silver's subsidiaries in China. During the year ended September 30, 2015, the Company borrowed a total amount of $300,000 from Minco Silver in Canada. This borrowing was fully repaid in the amount of RMB 1,482,500 to one of Minco Silver's subsidiaries in China in the year.

(Expressed in Canadian dollars, unless otherwise stated)

11. Share capital

(a) Common shares

Authorized: unlimited number of common shares without par value.

(b) Stock options

The Company may grant up to 10% of its issued and outstanding shares as options to its directors, officers, employees and consultants under its incentive stock option plan.

During the year ended September 30, 2015, the Company recorded $Nil (2014 - $53,622) of share-based compensation expenses.

The following table sets out options granted by the Company:

	Number outstanding	**Weighted average exercise price**
		$
Balance, October 1, 2013	1,108,000	0.36
Exercised	(888,000)	0.10
Forfeited	(60,000)	1.53
Expired	(35,000)	0.10
Balance, September 30, 2014	125,000	1.55
Forfeited	(125,000)	1.55
Balance, September 30, 2015	-	-

12. Income taxes

Effective January 1, 2008, the Corporate Income Tax Law approved by the National People's Congress (NPC) of China established a unified 25% tax rate for both domestic enterprises and foreign invested enterprises (FIEs). The law also established a Withholding Income Tax on overseas companies obtaining income in China. Withholding income tax was determined by the Chinese taxation authority at 10% on the net gain from the sale of the Company's ownership in Keyin, and has been paid by the Company. Interest income of MM&M HK earned in China is subject to a 7% withholding tax.

(Expressed in Canadian dollars, unless otherwise stated)

12. Income taxes (Continued)

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:

	2015 26% $	2014 26% $
Income taxes at statutory rates	1,126,411	540,569
Non-taxable income	(1,055,174)	(476,564)
Non-deductible items	2,528	14,512
China withholding tax	52,351	81,605
Interest accrual on taxes	254,165	-
Deferred tax asset not recognized	(72,976)	(79,064)
Change in tax rate	1,117	547
Income tax expense (recovery)	308,423	81,605

Deferred taxes arise from temporary differences in the recognition of income and expenses for financial reporting and tax purposes. The significant components of deferred tax assets and liabilities as at September 30, 2015 and 2014 are as follows:

	2015 $	2014 $
Non-capital losses	313,000	547,279
Deferred tax assets not recognized	(313,000)	(547,279)
Deferred tax assets (liability)	-	-

No deferred tax asset has been recognized in relation to losses carried forward in Canada as realization is not considered probable due to the uncertainty of future taxable income.

As at September 30, 2015, the Company recorded liabilities of $1,173,279 (2014 - $919,114) to account for uncertain tax positions, including accrued interest, relating to the sale of White Silver Mountain project.

(Expressed in Canadian dollars, unless otherwise stated)

12. Income taxes (continued)

The Company also has $1,204,474 of non-capital losses carry-forward for Canadian income tax purposes which start expiring in 2030.

The losses expire as follows:

	$
2030	486,474
2031	84,000
2032	395,000
2033	239,000
Total	1,204,474

The Company operates in China where tax rules and requirements might be unclear or not fully understood / implemented, resulting in tax deductions and return filing positions being challenged. The risk remains that the relevant authorities could take different positions with regard to interpretive issues and the effect could be significant.

13. Financial instrument

As explained in Note 3, financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of operations or comprehensive income. Those categories are: fair value through profit or loss; loans and receivables; and, for liabilities, amortized cost. The following table shows the carrying values of assets and liabilities for each of these categories at September 30, 2015 and 2014.

	September 30, 2015	**September 30, 2014**
	$	**$**
Loans and receivables		
Cash and cash equivalents	1,600,506	4,816,517
Short-term investments	27,228,402	19,572,664
Other receivables	392,033	526,646
	29,220,941	24,915,827

	September 30, 2015	**September 30, 2014**
	$	**$**
Other financial liabilities		
Accounts payable and accrued liabilities	43,265	44,772
Due to related parties	51,807	47,820
	95,072	92,592

13. Financial instrument (continued)

Fair value measurement

Financial assets and liabilities that are recognized on the balance sheet at fair value can be classified in a hierarchy that is based on 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 fair value of the Company's cash and cash equivalents, short-term investments, other receivables, accounts payables and accrued liabilities and amounts due to related parties approximate their carrying value given their short duration.

Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the board of directors. Management identifies and evaluates the financial risks. The board provides written principles for overall risk management.

Credit risk factors

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 obligation 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 of contracts with individual counterparties which are recorded in the financial statements. The Company considers the following financial assets to be exposed to credit risk:

(a) Cash and cash equivalents – to minimize the risk, cash has been deposited in major financial institutions in the PRC (not subject to deposit insurance) and one major bank in Canada (subject to deposit insurance up to $100,000 in general). Cash equivalents consist of term deposits placed with one major PRC bank with maturities less than 90 days when acquired. The yield on the term deposit was 1.75%.

(b) Short-term investments – are term deposits with maturities of greater than 90 days when acquired. At September 30, 2015, short-term investments totalled at $27,228,402 (2014 - $19,572,664) and were placed with one major PRC bank earning interest at the rate between 2.255% and 3.025% for 180-day and 360-day terms (2014 - interest rate at an annual rate of 3.30% for a 360-day term).

Cash and cash equivalents and short-term investments are being held in trust by Zhongjia, a Chinese registered entity, controlled by a brother of the Company's Chief Executive Officer.

13. Financial instrument (continued)

Foreign exchange risk

The functional currency of the Company and its wholly owned subsidiary is the Canadian dollar. Most of the foreign currency risk is related to Chinese RMB held in trust by Zhongjia. The Company's net earnings are impacted by fluctuations in the valuation of the RMB in relation to the Canadian dollar.

The following exchange rates are applied for the Company's financial statements as at September 30, 2015 and 2014 and average rate for the years ended September 30, 2015 and 2014.

	2015	2014
$1 to RMB		
Average rate	5.02220	5.68081
Closing rate	4.73770	5.51790

The Company has completed a sensitivity analysis to estimate the impact that a change in foreign exchange rates would have on the net income of the Company, based on the Company's net monetary assets of $28.8 million denominated in RMB at the year-end. This sensitivity analysis shows that a change of +/- 10% in RMB foreign exchange rate against the Canadian dollar would have a +/- $2.88 million impact on net income.

Interest rate risk

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

The Company has completed a sensitivity analysis to estimate the impact that a change in interest rates would have on the net income of the Company. This sensitivity analysis shows that a change of +/- 100 basis points in interest rate would have a +/- $285,000 impact on net income (before tax), assuming foreign exchange rates remain constant. This impact is primarily as a result of the Company having cash invested in interest bearing accounts. The financial position of the Company may vary at the time that a change in interest rates occurs causing the impact on the Company's results to differ from that noted above.

Liquidity risk

Liquidity risk includes the risk that the Company cannot meet its financial obligations as they fall due. As at September 30, 2015, the Company has positive working capital of approximately $27.7 million. However, due to government rules and regulations on remitting funds from PRC to Canada and the limited amount of cash in Canada, the Company may face increased liquidity risk when expanding its operations outside of the PRC.

14. Capital management

The Company's objective in the managing of capital is to safeguard the Company's ability to continue as a going concern and provide financial capacity, to assess and seek to acquire an interest in new properties.

The capital structure of the Company consists of equity attributable to common shareholders, comprising issued share capital, contributed surplus, and retained earnings.

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 September 30, 2015, the Company does not have any long- term debt and is not exposed to any externally imposed capital requirements.

15. Subsequent events

Subsequent to September 30, 2015, the Company entered into a transaction to acquire a mineral property interest in British Columbia, Canada, see note 9.

On November 30, 2015, the Company granted stock option to purchase 911,000 common shares to various employees and directors at an exercise prices of $0.89 per common share. The options vest over a three year period from the issue date and expire on November 30, 2020.