MINCO GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014

This Management's Discussion and Analysis ("MD&A") of Minco Gold Corporation ("we", "our", "us", "Minco Gold" or the "Company") has been prepared on the basis of available information up to March 27, 2015, should be read in conjunction with the audited consolidated financial statements and notes thereto prepared by management for the years ended December 31, 2014 and 2013. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Except as noted, all financial amounts are expressed in Canadian dollars. All references to "$" and "dollars" are to Canadian dollars, all references to "US$" are United States dollars and all references to "RMB" are to Chinese Renminbi. Refer to Note 3 of the December 31, 2014 audited consolidated financial statements for disclosure of the Company's significant accounting policies.

Additional information, including the audited consolidated financial statements for the year ended December 31, 2014, and the MD&A and annual report on Form 20-F for the same period, is available under the Company's profile on SEDAR at www.sedar.com. The Company's audit committee reviews the consolidated financial statements and MD&A, and recommends approval to the Company's board of directors.

Minco Gold (TSX: MMM/NYSE MKT: MGH/FSE: MI5) was incorporated in 1982 under the laws of British Columbia, Canada as Caprock Energy Ltd. The Company changed its name to Minco Gold in 2007. The principal business activities of the Company include the acquisition, exploration and development of gold properties.

The Company's subsidiaries are as follows:

Our wholly-owned subsidiaries include: Minco Mining (China) Co., Ltd. ("Minco China"), Yuanling Minco Mining Ltd ("Yuanling Minco"), Huaihua Tiancheng Mining Ltd. ("Huaihua Tiancheng), and Minco Resource Limited.

The Company, through Minco China, established Tibet Minco on January 29, 2013 for the purpose of potential future transactions.

The Company, indirectly through Minco China and Tibet Minco, owns a 51% interest in a company formed and known as Guangzhou Mingzhong Mining Co., Ltd. ("Mingzhong"), which holds the Changkeng Gold property and the Changkeng Exploration Permit.

As at December 31, 2014, the Company owned an 18.45% equity interest in Minco Silver Corporation ("Minco Silver"), a publicly traded company listed on the Toronto Stock Exchange, which through its subsidiary holds title to the Fuwan Silver Project located in Guangdong Province, P.R China.

As at December 31, 2014, the Company had 50,514,881 common shares and 6,460,501 stock options outstanding, for a total of 56,975,382 common shares outstanding, on a fully diluted basis.

As at the date of this MD&A, the Company had 50,561,381 common shares and 5,910,501 stock options outstanding, for a total of 56,471,882 common shares outstanding, on a fully diluted basis.

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1. Highlights for the Year

During the year ended December 31, 2014, the Company has compiled and analyzed the exploration data from last year's exploration program on the Baimashi area of the Yejiaba project, which is located in the Wudu district of Gansu Province, China. Four drilling targets were identified, and the Company's drilling program on the Baimashi area began in early July 2014 and was completed in the fourth quarter of 2014. The Company drilled 870.35 meters over four targets. Refer to drilling results under section 2.1 below.

On April 22, 2014, the Company sold 2,000,000 shares of Minco Silver for cash proceeds of $1,500,000. As a result of this transaction, the Company recognized a loss on partial disposition of its investment in Minco Silver of $399,536. In the fourth quarter of 2014, the Company determined that due to a significant decline in the market value of Minco Silver's common shares, the recoverable amount of its investment was less than its carrying amount. As a result, the Company recognized an impairment loss of $4,205,816, which represents the difference between the carrying value of the investment and its recoverable amount, which was based on the quoted market price of Minco Silver's shares at December 31, 2014.

In its continuing efforts to dispose of its non-core assets, Minco China entered into a sale agreement on December 26, 2014 to dispose of four exploration permits in the Yangshan area of the Longnan project for RMB 3.2 million ($604,618). As at December 31, 2014, the process of transferring the titles to the four permits was pending approval by Gansu province and the proceeds were not received. Therefore, no amounts were recorded for accounting purposes.

Minco China also entered into a sale agreement on June 28, 2014 to dispose of its interest in Yuanling Minco for RMB 7 million ($1.2 million). Yuanling Minco's wholly owned subsidiary Huaihua Tiancheng owns the Gold Bull Mountain exploration permit. As at December 31, 2014, the Company issued a notice of termination as the buyer failed to make the remaining payments within the specified period resulting in a breach in the sale agreement. The deposit of RMB 2,100,000 ($376,937) received by the Company will be non-refundable in accordance with the sale agreement. During the year ended December 31, 2014, the Company recorded a gain from the sale of an exploration permit of RMB 2,100,000 ($376,937).

2. Projects and Equity Investment in Minco Silver

The following is a brief discussion of the properties that Minco Gold holds through its subsidiaries and its investment in Minco Silver. Information of a technical or scientific nature respecting the Company's mineral properties ("Technical Information") is primarily derived from the documents referenced herein. Technical Information which appears in this MD&A has been reviewed and approved by Thomas Wayne Spilsbury, an independent director of Minco Silver, in which the Company owned an 18.45% equity interest as at December 31, 2014. Mr. Spilsbury is a Member of the Association of Professional Engineers and Geoscientists of British Columbia (P Geo), a Member of the Australian Institute of Geoscientists and a Fellow of the Australasian Institute of Mining and Metallurgy CP (Geo) and is a "qualified person", as defined in NI 43-101. The Company operates quality assurance and quality control of sampling and analytical procedures.

All sample length information that follows refers to reported sample length; the lengths reported may not necessarily represent true thickness of the mineralization.

2.1 Longnan Projects

The following is a brief description of the Company's Longnan Properties. Technical Information respecting the Company's Yejiaba Project appearing in this MD&A has been primarily derived from the NI 43-101 compliant technical report entitled "*Independent Technical Report on the Yejiaba Gold-Polymetallic Project Gansu Province, P.R. China*", dated effective April 29, 2012 and prepared by Calvin R. Herron, P. Geo Ontario, a consultant to the Company and a qualified person for NI 43-101, available on SEDAR at www.sedar.com. Readers should refer to the aforementioned technical report for more information.

Exploration Activities - Longnan Region Projects

The Company’s wholly-owned subsidiary, Minco China, held nine exploration permits in the Longnan region in the south of Gansu Province in China during 2014. The Longnan region is within the southwest Qinling gold field. The Longnan region consists of three projects according to their geographic distribution, type and potential of mineralization.

Yejiaba: Includes four exploration permits along a regional structural belt parallel to the Yangshan gold belt. The potential in this area is for polymetallic mineralization (gold-silver-iron-lead-zinc). The Company completed the NI 43-101 compliant technical report (refer to above) on Yejiaba Project, which is available on SEDAR.

Yangshan: Includes four remaining exploration permits located in the northeast extension of the Yangshan gold belt and its adjacent area. The Company decided to abandon one exploration permit during 2014.

Xicheng East: Includes one exploration permit for the east extension of the Xicheng Pb-Zn mineralization belt. The potential in this area is for polymetallic mineralization (gold-silver-lead-zinc).

The Company has submitted the renewal application for the four exploration permit for Yejiaba and one exploration permit for Xicheng East that were originally set to expire on February 4, 2014. The renewal applications are currently being processed by the Ministry of Land and Resources.

Yejiaba Project

The Yejiaba Project is located along the collisional boundary separating the Huabei and Yangtze Precambrian cratons. This major E-W trending collision zone has localized a number of large gold and polymetallic deposits within a geologic province that is often referred to as the Qinling Orogenic Belt. Gold and polymetallic mineralization on the Company’s lease package is generally hosted in Silurian-Devonian, thin-bedded limestone interbedded with phyllite. Mineralization is associated with shears and quartz veins, with higher grades typically found along sheared contacts separating massive limestone from the thin-bedded limestone and phyllite unit. Granite porphyry and quartz diorite dykes tend to be spatially associated with mineralization. Alteration accompanying mineralization consists of weak silicification and pyritization with carbonate veining and secondary carbon. Small quartz veinlets are noted in several places. Associated metals consist of silver, lead, antimony and arsenic.

Semi-regional geochemical anomalies were first delineated by the Company in 2005, extending 10 km along a hydrothermally altered zone that follows a NE trending thrust and regional unconformity.

Subsequent work between 2006 and 2012 has included traverse-line investigations, soil sampling, geologic mapping, geophysical surveys (ground magnetic and IP), trenching and drilling.

To date several targets have been identified and tested including: Shanjinba (Zone 1 and 2), Yaoshang, Fujiawan, Baimashi, Bailuyao, Baojia and Paziba.

The Company engaged an independent consultant to conduct a detailed review of the Yejiaba Project in April 2013, in particular to focus on the Baimashi North and East Targets. The sample work performed on the Yejiaba project during 2013 consisted of 912 rock chip samples, 818 soil samples, 41 stream sediment samples and 339 trench channels. The detailed results at the Baimashi North and East Targets are described below.

The Company completed a drilling program for four drilling targets on its Baimashi North Target in 2014. The detailed assay results are described below.

Sampling and assaying

The channel samples taken in the trenches are generally 10 cm wide; 5 cm deep, lengths are typically 1m but can be slightly longer or shorter to match geological boundaries. Only significant channel sample results are reported below, where composited gold grades are over 0.50 g/t. Reported composites may comprise individual samples with gold assays lower than 0.5g/t if it is deemed that the geology and mineralization is continuous over the interval. Channel sample intervals may not necessarily represent true thickness of the mineralization.

Sample preparation was performed by independent laboratory SGS-Tianjin, at their laboratory in Xian (PRC). Pulps are then analyzed at the SGS-Tianjin assay facility in Tianjin. Sample QAQC methods consisted of insertion of blank and duplicates in the field (one in twenty samples), while SGS-Tianjin inserted analytical duplicates and reference standards into the sample stream at their laboratory.

Baimashi Target

The Baimashi gold-antimony mineralization was discovered on the boundary between Weiziping-Baimashi and Shajinba-Yangjiagou permits and includes the Baimashi North Target that was identified in 2013, located approximately 1Km north of the Baimashi Target; and the Baimashi East Target.

During 2013, the samples in Table 1 were collected within the Baimashi North and East Target. Out of total samples, 118 trench, 75 soil and 37 rock samples were collected from Baimashi East, but the results of these samples demonstrated the gold values in the Baimashi East are tightly confined to narrow structure and thereby effectively diminished the target's size and significance. The Company has no further exploration planned on this target.

All of the exploration conducted during 2013 indicates the Baimashi North Target is the only target that hosts sufficient size and grade potential to produce a substantial gold deposit.

Table 1. Summary of sample types collected within the Baimashi Targets

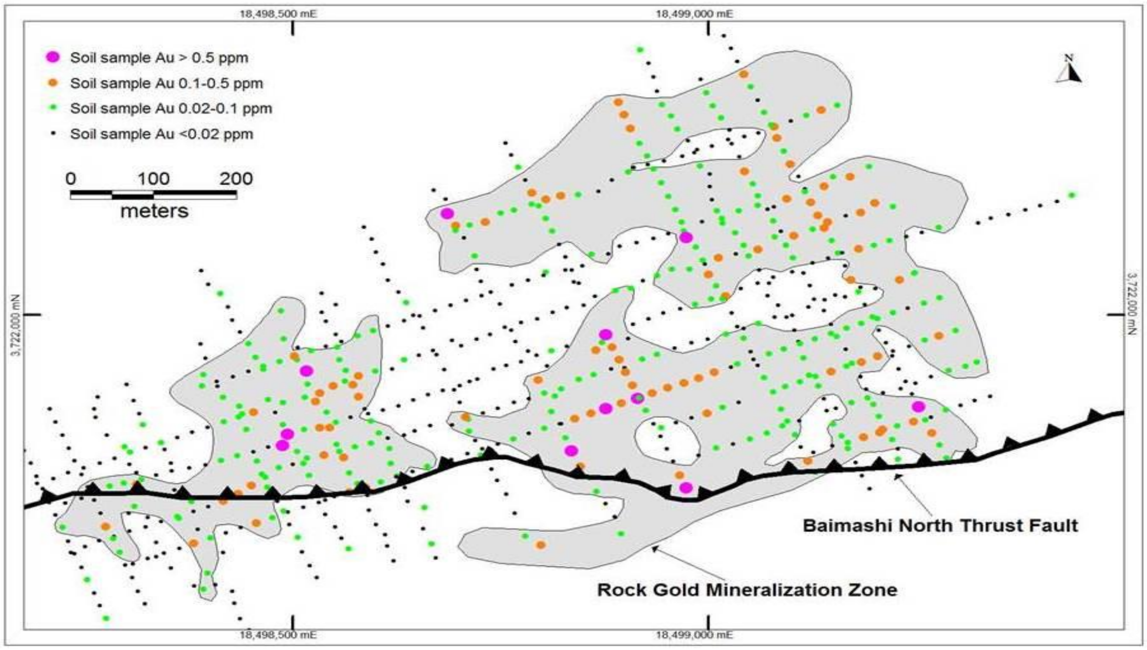
	# of Samples	Gold Range (ppm)	Average Au (ppm)
Rock Chip	912	<0.005 – 47.115	0.729
Soil	818	<0.005 – 3.968	0.055
Trench Channels	339	<0.005 – 14.250	0.190
Stream Sediment	41	<0.005 – 0.226	0.015

Baimashi North Target

Gold Mineralization Observed within the Baimashi North Target

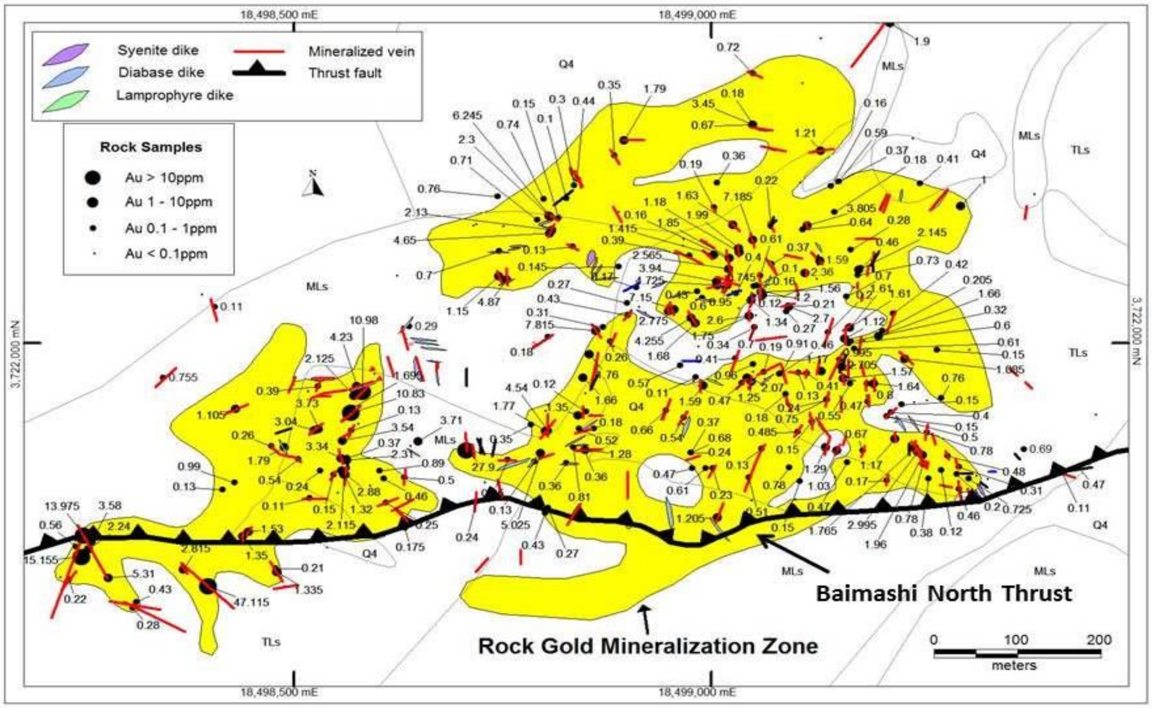
The Rock Gold Zone shown in Figure 1 represents the distribution of rock chip gold values exceeding 0.100ppm, and the zone boundaries were defined by combining the rock chip and soil sample results together with the structural data. The gold-in-soil distribution fairly represents the gold zone.

Figure1. Outline of Baimashi North Gold Mineralization Zone relative to soil samples results



In Figure 2, the same Rock Gold Zone is shown relative to the distribution of rock chip sample results together with the mapped mineralized structures (shears, veins, dikes). Here again, the sample data fits well within the zone boundaries, which suggests that the soil sample values generally do a fair job of reflecting the rock sample data. The dominantly northeast-trending Rock Gold Mineralization Zone is approximately 1,200m long by 600m wide. It measures 317,000m2 in plain view and is open to the north. The Baimashi North Target certainly possesses sufficient size for hosting a large gold deposit but will need sufficient gold grade as well.

Figure 2. Outline of Baimashi North Gold Mineralization Zone relative to rock chip results and mineralized structures.



Samples collected within the Baimashi North Target

Following the encouraging results found in the third quarter of 2013 described below, a total of 589 soil samples and 39 rock samples were collected within this target during the fourth quarter of 2013. The soil sample results show a gold range from 0.005 to 3.968 ppm (refer to Table 1).

During the year ended December 31, 2013, 247 rock chip samples, 125 soil samples and 41 stream sediment samples within Baimashi North Target were collected.

The 247 rock samples collected within the Rock Gold Mineralization Zone run from 0.005 to 47.115ppm Au and average 1.49ppm, which is a potentially economic grade for an open-pit operation if this grade can be maintained. A rough analysis of the rock sample data is presented in Table 2, where we see a high percentage of samples (39%) carrying gold values exceeding 0.5 g/t, while 68% run in excess of 0.1 g/t. Six samples included in the >3.0 ppm Au category in Table 2 exceed 10ppm Au. If these six high-grade samples are taken out, the overall average grade drops to 1.00ppm, which illustrates the weight carried by high-grade numbers in this zone.

Table 2. Summary of rock chip sample results (excludes dumps).					
Sample Ranges	Number of Samples	% of Total Samples	Average Au (ppm)	Average As (ppm)	Average Sb (ppm)
>3.0 ppm Au	22	8	8.391	4292	99
1.0-3.0 ppm Au	48	17	1.764	2358	66
0.5-1.0 ppm Au	41	14	0.691	1797	54
0.1-0.5 ppm Au	83	29	0.276	1340	25
<0.1 ppm Au	94	32	0.027	241	8

The overall gold grade distribution is summarized in Table 3. This is a low grade system, and the amount of high grade found within the low-grade blanket will determine whether or not this target can be economical.

Table 3. Distribution of gold grades in 247 rock samples collected at Baimashi North Target							
Grade Range (ppm Au)	<0.1	0.1 -- 0.5	0.5 -- 2	2 -- 4	4 -- 6	6 -- 8	>8
% of Total	18	32	33	9.3	3.2	1.6	2.4

The rock samples collected within this zone tested a variety of geologic features and they can be grouped into vein/fault, dike-related, and altered rock types. The carbonate veins and altered faults usually range from 0.1m to1.0m wide, and the sampling often includes some of the surrounding low-grade wallrock. Altered dikes and dike margins were also sampled as a separate rock type, as were several zones of altered phyllitic limestone (the "altered rock type") hosting stockwork-type carbonate veinlets.

Averaged Au-As sample results for these three rock groups are compared in Table 4. Based on the As:Au ratios, arsenic values look to be following the intrusive dikes and sills, which suggests a congenetic relationship between the intrusive plumbing and Au-As mineralization. In contrast, the lower As:Au ratio seen in the vein/fault type is attributed to post-intrusion mineralization in younger, more dilatant zones.

Table 4. Comparison of Au-As mineralization in major sample types at Baimashi North Target			
Sample Type	Ave. Au (ppm)	Ave. As (ppm)	As/Au Ratio
V: Vein/Fault type	2.190	2185	997
D: Dike related	0.951	1726	1815
R: Altered rock type	0.958	1325	1383

Drilling completed in 2014

The Company's 2014 exploration program at its Yejiaba Gold Project in southern Gansu, PRC was concluded on January 1, 2015. Starting in July, four diamond holes were drilled for a total of 870.35m within the Baimashi North Target, testing an area of widespread artisanal mining activity that displayed favorable potential for hosting a bulk-tonnage, low grade gold system. This scout drilling program evaluated a variety of Au-As geochemical anomalies and Au-bearing structures identified by Minco's 2013/2014 surface and underground sampling within an area measuring 1000m long by 500m wide. As of this date, assays received from SGS Tianjin for the first three drill holes plus the upper half of the fourth hole are presented below. The bottom half of BMS-14-004 is still being processed.

The Baimashi drill results received so far from SGS are tabulated in Table 5, bearing in mind only the assays for the top half of BMS-14-004 have been included.

Table 5. Significant gold intercepts in 2014 Baimashi North drill holes.				
Hole #	*From (m)*	*To (m)*	*Interval (m)*	*Au (g/t)*
BMS-14-001 (223.57m TD)	9.00	22.02	13.02	0.346
	191.94	192.74	0.8	6.948
	192.74	196.37	3.63	0.902
	198.50	199.44	4.96	1.156
BMS-14-002 (158.20m TD)	29.47	31.86	2.39	0.391
BMS-14-003 (182.23m TD)	33.80	36.00	2.20	0.331
	82.75	84.82	2.07	0.392
BMS-14-004 (253.18m TD)	18.20	20.20	2.00	0.498
	35.00	36.00	1.00	0.498
	78.30	79.10	0.80	1.076

Our first hole at BMS-14-004 hosts the best gold results, with several stretches of low-grade mineralization punctuated by a high-grade vein hit (0.8m @ 6.948 g/t) at 192m. The gold mineralization seen in our holes did not have the higher gold grades at depth that we hoped to encounter which greatly diminished the potential for a bulk tonnage deposit within North Baimashi target. Potential exists for low-tonnage, vein-type mineralization of moderate grade (2.5g/t to 7g/t) along narrow (generally <1m thick), high-angle shears and dike contacts. These targets may be of interest to small mine operators.

Yangshan and Xicheng East

During 2014, the Company did not conduct any exploration activities on these two projects except for maintaining the exploration permits in respect of the projects.

On December 13, 2013, Minco China entered into an agreement with Gansu Yuandong Investment Co., Ltd ("YDIC") pursuant to which the Company agreed to sell two exploration permits in the Xicheng East and Yangshan area to YDIC for RMB 0.8 million ($150,000). The process of transferring the titles of the two permits to YDIC had not been completed as at December 31, 2014 due to the pending approval by Gansu province.

On December 26, 2014, Minco China entered into an agreement with Beijing Runlong Investment Limited Company ("Beijing Runlong") in which the Company agreed to sell four exploration permits in the Yangshan area to Beijing Runlong for total cash proceeds of RMB 3,200,000 ($604,618). The process of transferring the titles to the four permits to Beijing Runlong was pending approval by Gansu province and the proceeds were not received as at December 31, 2014.

Beijing Runlong agreed to make the following payments to Minco China:

i) 5% of the total cash proceeds within 20 working days from the date of signing the agreement;

ii) 45% of the total cash proceeds upon receiving the approval of the transfer from the Provincial land and resources administrative authority, before submitting to the Ministry of Land and Resources; and

iii) 50% of the total cash proceeds within 5 days upon receiving the approved exploration rights license.

2.2 Changkeng Gold Project

The following is a discussion of the Company's Changkeng Gold Project. Technical Information respecting the Changkeng Gold Project is primarily derived from the NI 43-101 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., and all qualified persons for the purposes of NI 43-101. This technical report includes relevant information regarding the data, data validation and the assumptions, parameters and methods of the mineral resource estimates on the Changkeng Gold Project.

Location

The Changkeng gold deposit is located approximately 45 km southwest of Guangzhou, the fourth largest city in China with 13 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

Mingzhong, a cooperative joint-venture established among Minco China, Guangdong Geological Bureau, Guangdong Gold Corporation, and two private Chinese companies to jointly explore and develop the

Changkeng Property, signed a purchase agreement in January 2008 to buy a 100% interest in the Changkeng Exploration Permit on the Changkeng Project from 757 Exploration Team. The transfer of the Changkeng Exploration Permit from 757 Exploration Team to Mingzhong was approved by the MOLAR in 2009. The renewed Changkeng Exploration Permit for a two-year period expires on September 10, 2015.

The purchase price of the Changkeng Exploration Permit was set at RMB 48 million ($8.15 million). As of December 31, 2008, Mingzhong paid the first payment of RMB 19 million ($3.22 million) to the 757 Exploration Team for the Changkeng Exploration Permit. The remaining balance of RMB 29 million ($4.92 million) was settled in May 2013. According to the Supplementary Agreement signed between 757 Exploration Team and Mingzhong, 757 Exploration Team agreed to refund RMB 3.8 million ($622,293) to Mingzhong for the exploration costs incurred during the early stage of exploration of Changkeng project. The refunded amount was recorded as an exploration cost recovery during the year ended December 31, 2013. On July 31, 2013, Mingzhong paid the RMB 1.03 million ($169,669) to 757 Exploration Team for the completed hydro-geological program on the Changkeng Gold Project. The hydro-geological program was conducted to assist the preparation of the NI 43-101 technical report entitled "Technical Report and Updated Resource Estimate on the Changkeng Gold Project Guangdong Province, China": dated effective February 21, 2009.

Geology, Drilling Program and Resources Estimate

There have been no significant changes in the geology, drilling program and resource estimate for the year ended December 31, 2014 and as at the MD&A date compared to the year ended December 31, 2013.

A comprehensive discussion of the geology, drilling program and resource estimate are included in the Company's Annual Report on Form 20-F for the year ended December 31, 2014, dated March 31, 2015 available on SEDAR at www.sedar.com. During the year ended December 31, 2014, the Company did not conduct any exploration activities, except for maintaining the Changkeng exploration permit.

2.3 Equity Investment in Minco Silver Corporation

As at December 31, 2014, the Company owned 11,000,000 common shares of Minco Silver (December 31, 2013 - 13,000,000 common shares) that were acquired in 2004 in exchange for the transfer of the Fuwan property and the silver interest in the Changkeng property. As at December 31, 2014, the Company owned an 18.45% (December 31, 2013 – 21.91%) equity interest in Minco Silver.

For current developments on the Fuwan Silver Project held by Minco Silver, refer to Minco Silver's MD&A available on SEDAR at www.sedar.com.

Equity Investment in Minco Silver is as follows:

On April 22, 2014, the Company sold 2,000,000 common shares of Minco Silver for cash proceeds of $1,500,000 which decreased the Company's equity interest in Minco Silver from 21.81% to 18.45%.

In the fourth quarter of 2014, the Company determined that due to a significant decline in the market value of Minco Silver's common shares, the recoverable amount of its investment was less than its carrying amount. As a result, the Company recognized an impairment loss of $4,205,816, which represents the difference between the carrying value of the investment and its recoverable amount, which was based on the quoted market price of Minco Silver's shares at December 31, 2014.

The following is a summary of Minco Silver's financial information as at and for the year ended December 31, 2014 and 2013:

	December 31, 2014	December 31, 2013
	$	$
Assets	92,564,638	92,709,802
Liabilities	419,592	523,984
Revenues	-	-
Net Loss	1,665,516	2,987,033

As at December 31, 2014, Minco Silver Corporation had 59,631,418 common shares and 6,477,835 stock options, 885,000 PSUs outstanding, for a total of 66,994,253 common shares outstanding, on a fully diluted basis.

2.4 Tugurige Gold project

On December 16, 2010, Minco China entered into a JV agreement with the 208 Team, a subsidiary of China National Nuclear Corporation, to acquire a 51% equity interest in the Tugurige Gold Project located in Inner Mongolia, China. The 208 Team did not comply with certain of its obligations under the JV Agreement, including its obligation to set up a new entity (the "JV Co") and the transfer of its 100% interest in the Tugurige Gold Project to the JV Co. As a result, Minco China commenced legal action in China seeking compensation.

On March 25, 2013, Minco China settled its claim against the 208 Team relating to the JV Agreement for an amount of RMB 14 million ($2.4 million). The Company received RMB 5 million ($801,395) during 2013 and recognized a receivable of RMB 4 million ($699,688) (settled in 2014) as at December 31, 2013. The Company recognized a gain on the legal settlement, net of accrued legal fees of RMB 900,000 ($157,425) during the year ended December 31, 2013.

As at December 31, 2014, the remaining RMB 5 million ($944,715) balances due under the legal settlement was not recognized due to the uncertainty of collectability. The Company has recommenced legal action against 208 Team to recover the remaining unpaid balance.

During the year ended December 31, 2014, the Company paid legal fees of 71,345 RMB ($12,806) pertaining to the aforementioned settlement. The Company recorded a recovery of 828,655 RMB ($148,739) for overaccrued legal fees.

2.5 Gold Bull Mountain Project

Yuanling Minco's wholly owned subsidiary Huaihua Tiancheng owns the Gold Bull Mountain exploration permit, which was renewed for a two-year period ending on June 28, 2015.

On June 28, 2014, Minco China entered into a sale agreement to dispose of its interest in Yuanling Minco for RMB 7 million ($1.2 million).

The buyer agreed to make the following payments to Minco China:

i) 30% of the selling price within 7 days from the date of signing this agreement (received);

ii) 55% of the selling price prior to the formal transfer request being submitted to the governing authorities; and

iii) 15% upon completing the transfer and obtaining all governing authorities' approval.

As at December 31, 2014, the Company issued a notice of termination as the buyer failed to make the remaining payments within the specified period resulting in a breach in the agreement. The deposit of RMB 2,100,000 ($376,937) received by the Company is non-refundable in accordance with the sale agreement. As a result, during the year ended December 31, 2014, the Company recorded a gain from sale of exploration permit of RMB 2,100,000 ($376,937).

3. Results of Operations

3.1 Selected Annual Information

The following table summarizes selected financial information for the three most recently completed financial years:

The selected information for 2014, 2013 and 2012 was prepared in accordance with IFRS:

	Year Ended December 31,		
	2014	**2013**	**2012**
	$	**$**	**$**
Loss attributable to shareholders before discontinued operations			
Net loss attributable to shareholders	(7,354,162)	(3,144,525)	(4,881,771)
Net loss for the year	(7,497,794)	(2,943,305)	(4,871,432)
Loss per share attributable to shareholders from continuing operations– basic and diluted	(0.15)	(0.06)	(0.10)
Loss per share attributable to shareholders – basic and diluted	(0.15)	(0.06)	(0.10)
Loss per share – basic and diluted	(0.15)	(0.06)	(0.10)
Total assets	9,405,439	16,246,355	19,171,997
Total long-term financial liabilities	-	-	-
Cash dividends declared per share for each class of share	-	-	-

For the year ended December 31, 2014 and 2013

Net loss for the year ended December 31, 2014 was $7,497,794 (loss of $0.15 per share) compared to net loss of $2,943,305 (loss of $0.06 per share) for the comparative period of 2013. The increase in net loss during the year was mainly due to the impairment recorded on the equity investment in Minco Silver of $4,205,816 and loss of partial disposal of investment in Minco Silver of $399,536 recorded in 2014. The net loss for the year ended December 31, 2013 included a gain of $1.34 million on a legal settlement with the 208 team and also an exploration costs recovery of $622,293 received by Mingzhong.

The Company's administrative expenses in 2014 were $1,848,938 compared to $2,734,091 in the comparative period of 2013. The decrease was mainly due to a decrease in share-based compensation.

For the year ended December 31, 2013 and 2012

Net loss for the year ended December 31, 2013 was $2,943,305 (loss of $0.06 per share) compared to net loss of $4,871,432 (loss of $0.10 per share) for the comparative period of 2012. The decrease in net loss during the year was mainly due to the gain of $1.34 million on legal settlement with the 208 team and exploration costs recovery of $622,293 received by Minghzong from the 757 Exploration Team for certain recovery of exploration costs incurred during the early stages of the Changkeng project.

The Company's administrative expenses in 2013 were $2,734,091, which was slight decreased compared to $2,827,565 for the comparative period of 2012.

3.2 Fourth Quarter

For the three months ended December 31, 2014 and 2013

Net loss for the three months ended December 31, 2014 was $4,469,480 (loss of $0.09 per share) compared to $651,536 (loss of $0.01 per share) for the comparative period of 2013. The decrease was primarily attributed to the impairment recorded on the equity investment in Minco Silver of $4,205,816 during the fourth quarter of 2014. Exploration costs for the three months ended December 31, 2014 were $322,904 compared to $558,855 incurred for the comparative period in 2013. Administrative expenses for the three months ended December 31, 2014 were $427,621, which was relatively comparable to $608,860 for the comparative period of 2013.

3.3 Exploration Costs

The following is a summary of exploration costs incurred by each project:

		December 31,		Accumulative to December 31,
	2014	**2013**	**2012**	**2014**
	$	$	$	$
Longnan projects	894,646	1,262,074	1,479,979	11,740,897
Changkeng gold project (*)	244,784	(361,010)	113,207	8,163,051
Gold Bull Mountain	36,862	24,031	22,498	2,273,103
Sihui	1,525	2,863	1,605	5,993
	1,177,817	927,958	1,617,289	22,183,044

During the year ended December 31, 2014, the Company did not conduct any exploration activities on the Changkeng and Gold Bull Mountain projects, except for maintaining the exploration permits.

(*) During the year ended December 31, 2013, the Company recorded a refund from 757 Exploration Team of $622,293 for certain exploration costs incurred during the early stage of the Changkeng gold project. The refunded amount was recorded as an exploration cost recovery.

3.4 Administrative Expenses

The Company's administrative expenses include overhead associated with administering and financing of the Company's development activities.

The following table is a summary of the Company's administrative expenses for the three months and the years ended December 31, 2014, 2013 and 2012:

	Three months ended December 31,			Year ended December 31,		
Administrative expenses	**2014**	**2013**	**2012**	**2014**	**2013**	**2012**
Accounting and audit	25,824	24,896	28,946	105,423	111,905	164,843
Amortization	15,826	16,328	14,838	67,180	66,746	60,689
Consulting	2,429	2,533	27,675	11,633	30,453	85,932
Directors' fees	13,000	11,000	10,000	54,188	49,749	53,000
Foreign exchange (gain) loss	9,993	8,411	4,017	16,977	19,692	(872)
Investor relations	1,014	10,737	47,500	24,726	116,814	182,290
Legal and regulatory	53,839	14,457	17,883	140,727	132,506	269,795
Office administration expenses	78,090	87,057	86,468	366,836	360,894	283,161
Property investigation	18,112	18,774	1,994	74,948	112,863	12,748
Salaries and benefit	154,620	254,590	247,201	618,926	655,585	679,310
Share-based compensation	32,035	141,509	151,045	297,588	993,331	957,305
Travel and transportation	22,839	18,568	20,093	69,786	83,553	79,364
	427,621	**608,860**	**657,660**	**1,848,938**	**2,734,091**	**2,827,565**

Significant changes in expenses are as follows:

Accounting and auditing

Accounting and auditing expenses for the three months ended December 31, 2013 were $24,896 compared to $28,946 for the comparative period of 2012. The decrease was due to reduced audit fees of the external auditor in 2013.

Accounting and auditing expenses for the year ended December 31, 2013 were $111,905 compared to $164,843 for the comparative period of 2012. The decrease was due to the same reason described above.

Consulting fees

Consulting fees for the three months ended December 31, 2014 were $2,429 compared to $2,533 for the comparative period in 2013.

Consulting fees for the year ended December 31, 2014 were $11,633 compared to $30,453 for the comparative period of 2013. The decrease was due to the reduction in the use of external consultants in China in 2013.

Consulting fees for the three months ended December 31, 2013 were $2,533 compared to $27,675 for the comparative period of 2012. The decrease was due to the reduction in the use of external consultants in 2013.

Consulting fees for the year ended December 31, 2013 were $30,453 compared to $85,932 for the comparative period of 2012. The decrease was due to the departure of the Company's former CFO in 2012.

Investor relations

Investor relations expenses for the three months ended December 31, 2014 were $1,014 compared to $10,737 for the comparative period of 2013.

Investor relations expenses for the year ended December 31, 2014 were $24,726 compared to $116,814 for the comparative period of 2013. The decrease was mainly due to the resignation of the VP of corporate communication during the third quarter of 2013.

Investor relations expenses for the three months ended December 31, 2013 were $10,737 compared to $47,500 for the comparative period of 2012. The decrease was primarily due to the reduction in the use of external consultants and also the resignation of the VP of corporate communication during the third quarter of 2013.

Investor relations expenses for the year ended December 31, 2013 were $116,814 compared to $182,290 of the comparative period of 2012. The decrease was mainly due to the same reasons described above.

Legal and regulatory

Legal, regulatory and filing expenses were $53,839 for the three months ended December 31, 2014 compared to $14,457 for the comparative period of 2013. The increase was due to the Company engaging an external legal counsel to assist with general corporate matters during the fourth quarter of 2014.

Legal, regulatory and filing expenses for the year ended December 31, 2014 were $140,727, which was consistent with $132,506 for the comparative period of 2013. The increase was due to the same reason described above.

Legal, regulatory and filing expenses for the three months ended December 31, 2013 were $14,457 compared to $17,883 for the comparative period of 2012. The decrease was due to the Company reducing use of its external legal counsel to assist with regulatory compliance.

Legal, regulatory and filing expenses for the year ended December 31, 2013 were $132,506 compared to $269,795 for the comparative period of 2012. The decrease was due to the same reason described above.

Office administrative expenses

Office administrative expenses were $87,057 for the three months ended December 31, 2013 which was in line with the amount of $86,468 for the comparative period of 2012.

Office administrative expenses for the year ended December 31, 2013 were $360,894 compared to $283,161 for the comparative period of 2012. The increase was mainly due to the increased in office rent for Minco China. In addition, Minco China had income of $26,000 for renting a driller to a third party during 2012, which was offset against office administrative expense. No such miscellaneous income and rental income was generated in 2013. Minco China also paid $19,000 Chinese tax on the sale of two exploration permits in Xicheng East during the first quarter of 2013 (a gain recognized in 2012).

Property investigation

Property investigation expenses for the three months ended December 31, 2014 were $18,112, which was consistent with $18,774 incurred for the comparative period of 2013.

Property investigation expenses for the year ended December 31, 2014 were $74,948 compared to $112,863 for the comparative period of 2013. The decrease was due to the Company's Vice President of Business Development reducing his time spent on the Company's operations during 2014.

Property investigation expenses for the three months ended December 31, 2013 were $18,774 compared to $1,994 for the comparative period of 2012. The increase was due to the hiring of the Vice President of Business Development in November 2012.

Property investigation expenses for the year ended December 31, 2013 were $112,863 compared to $12,748 for the comparative period of 2012. The increase was due to the same reason described above.

Salaries and benefit

Salaries and benefit expense for the three months ended December 31, 2014 was $154,620 compared to $254,590 for the comparative period of 2013. The decrease was due to a one-time management bonus recorded in 2013 and also due to the departure of the former CFO during 2014.

Salaries and benefit expense for the year ended December 31, 2014 were $618,926 compared to $655,585 for the comparative period of 2013. The decrease was due to the same reason described above.

Salaries and benefit expenses for the three months and the year ended December 31, 2013 were in line with the comparative periods of 2012.

Share-based compensation

Share-based compensation expense for the three months ended December 31, 2014 was $32,035 compared to $141,509 for the comparative period of 2013. The decrease was due to the lower number of stock options granted and also a lower fair value of stock options granted based on the Black-Scholes option pricing model in 2014 compared to 2013.

Share-based compensation expense was $297,588 for the year ended December 31, 2014 compared to $993,331 for the comparative period of 2013. The decrease was due to the same reason described above.

Share-based compensation expense for the three months ended December 31, 2013 was $141,509 compared to $151,045 for the comparative period of 2012. The slight decrease was due to the lower fair value of stock options granted based on the Black-Scholes option pricing model in 2013 compared to 2012.

Share-based compensation expense for the year ended December 31, 2013 was $993,331 compared to $957,305 for the comparative period of 2012. The increase was due to greater number of stock options granted in 2013 offset against the reason described above.

To date the Company is in the exploration stage and has not earned revenue from operations. Income earned has been primarily interest and rental income.

3.4 Finance and other income (expense)

For the year ended December 31, 2014, the net amount of finance and other expense was $4,070,890 compared to the finance and other income of $1,452,290 for the comparative period of 2013. The other loss in 2014 was due to the partial disposal and impairment in the equity investment in Minco Silver of $4,605,352 offset against a gain on sale of exploration permit.

For the year ended December 31, 2013, the net amount of finance and other income was $1,452,290 compared to $614,636 for the comparative period of 2012. The increase was mainly due to the gain on legal settlement of $1,343,638 recognized in 2013.

4. Summary of Quarterly Results (unaudited)

		Loss per share	
Period ended	**Net loss attributable to shareholders**	**Basic**	**Diluted**
12-31-2014 (****)	(4,455,430)	(0.09)	(0.09)
09-30-2014	(658,961)	(0.01)	(0.01)
06-30-2014 (***)	(1,335,106)	(0.03)	(0.03)
03-31-2014	(904,665)	(0.02)	(0.02)
12-31-2013	(637,398)	(0.01)	(0.01)
09-30-2013 (**)	(1,370,204)	(0.02)	(0.02)
06-30-2013	(826,767)	(0.02)	(0.02)
03-31-2013(*)	(310,156)	(0.01)	(0.01)

Variations in quarterly performance over the eight quarters can be primarily attributed to changes in dilution gains and losses and equity gains and losses resulting from the Company's investment in Minco Silver. Another contributing factor is changes in the amount of share-based compensation recognized in each period.

(*) Net loss decreased to $0.3 million for the period ended March 31, 2013 mainly due to the Company recognizing a gain on legal settlement of $0.8 million.

(**) Net loss increased to $1.3 million for the period ended September 30, 2013 mainly due to the higher share of loss from equity investment in Minco Silver and a higher exploration cost.

(***) Net loss increased to $1.3 million for the period ended June 30, 2014 mainly due to the loss on partial disposition of investment in Minco Silver of $0.4 million.

(****) Net loss increased to $4.4 million for the period ended December 31, 2014 mainly due to the impairment recorded for the equity investment in Minco Silver of $4.2 million.

4.1 Amendment to Quarterly Results

The Company has revised its previously filed June 30, 2014, and September 30, 2014 unaudited interim condensed consolidated interim financial statements to adjust the accounting for its investment in Minco Silver. In the quarter ended June 30, 2014, the Company had commenced accounting for this investment as an available for sale (AFS) security, as a result of the reduction of its interest from 21.81% to 18.45% on April 22, 2014. However, in connection with the preparation of its consolidated financial statements for the year ended December 31, 2014, the Company concluded that it continued to have significant influence in Minco Silver, and that the investment should continue to apply the equity method to account for the equity investment in Minco Silver. The Company continues to hold representation on Minco Silver's board, its CEO is also the CEO of Minco Silver, and also has shared management, specifically the CFO. On that basis, management's judgment is that significant influence over Minco Silver continues to exist.

The impact of these adjustments on the June 30, 2014 and September 30, 2014 unaudited interim condensed consolidated financial statements as a result of the change from accounting for the investment as an AFS security to equity method of accounting are presented in the tables that follow:

Condensed Consolidated Interim Statements of Financial Position Impact	As Reported $	June 30, 2014 Adjustment $	As Amended $
Assets			
Equity Investment in Minco Silver	11,000,000	(2,181)	10,997,819
Total Assets	14,049,596	(2,181)	14,047,415
Equity			
Accumulated other comprehensive income	2,160,113	(1,186,601)	973,512
Deficit	(48,400,383)	1,184,420	(47,215,963)
Total Equity	9,791,276	(2,181)	9,789,095
Total Liabilities and Equity	14,049,596	(2,181)	14,047,415

Condensed Consolidated Interim Statement of Loss Impact	Three Months Ended June 30, 2014		
	As Reported	Adjustment	As Amended
	$	$	$
Loss on derecognition of investment in Minco Silver	(1,647,446)	1,647,446	-
Share of loss from equity investment in Minco Silver	(39,352)	(177,026)	(216,378)
Net loss before tax for the period	(2,827,954)	1,470,420	(1,357,534)
Deferred income tax recovery	286,000	(286,000)	-
Net loss for the period	(2,541,954)	1,184,420	(1,357,534)
Net loss attributable to the Shareholders of the Company	(2,519,526)	1,184,420	(1,335,106)
Loss per share: Basic and Diluted	(0.05)	0.02	(0.03)

Condensed Consolidated Interim Statement of Comprehensive Loss Impact	Three Months Ended June 30, 2014		
	As Reported	Adjustment	As Amended
	$	$	$
Net loss for the period	(2,541,954)	1,184,420	(1,357,534)
Unrealized gains on available-for-sale investment, net of tax	1,914,000	(1,914,000)	-
Realized gain recycled to net loss	(1,032,182)	873,385	(158,797)
Share of other comprehensive income of investments accounted for using the equity method	(43,027)	(145,986)	(189,013)
Total comprehensive loss for the period	(1,774,035)	(2,181)	(1,776,216)
Total comprehensive loss attributable to the Shareholders of the Company	(1,734,052)	(2,181)	(1,736,233)

Condensed Consolidated Interim Statement of Loss Impact	Six Months Ended June 30, 2014		
	As Reported	Adjustment	As Amended
	$	$	$
Loss on derecognition of investment in Minco Silver	(1,647,446)	1,647,446	-
Share of loss from equity investment in Minco Silver	(94,626)	(177,026)	(271,652)
Net loss before tax for the period	(3,778,053)	1,470,420	(2,307,633)
Deferred income tax recovery	286,000	(286,000)	-
Net loss for the period	(3,492,053)	1,184,420	(2,307,633)
Net loss attributable to the Shareholders of the Company	(3,424,191)	1,184,420	(2,239,771)
Loss per share: Basic and Diluted	(0.07)	0.02	(0.05)

Condensed Consolidated Interim Statement of Comprehensive Loss Impact	Six Months Ended June 30, 2014		
	As Reported	Adjustment	As Amended
	$	$	$
Net loss for the period	(3,492,053)	1,184,420	(2,307,633)
Unrealized gains on available-for-sale investment, net of tax	1,914,000	(1,914,000)	-
Realized gain recycled to net loss	(1,032,182)	873,385	(158,797)
Share of other comprehensive income of investments accounted for using the equity method investment	183,131	(145,986)	37,145
Total comprehensive loss for the period	(2,441,619)	(2,181)	(2,443,800)
Total comprehensive loss attributable to the Shareholders of the Company	(2,366,895)	(2,181)	(2,369,076)

Condensed Consolidated Interim Statements of Financial Position Impact	As Reported $	September 30, 2014 Adjustment $	As Amended $
Assets			
Equity Investment in Minco Silver	10,340,000	910,705	11,250,705
Total Assets	13,487,972	910,705	14,398,677
Equity			
Accumulated other comprehensive income	1,637,779	(356,321)	1,281,458
Deficit	(49,141,950)	1,267,026	(47,874,924)
Total Equity	8,532,062	910,705	9,442,767
Total Liabilities and Equity	13,487,972	910,705	14,398,677

Condensed Consolidated Interim Statement of Loss Impact	Three Months Ended September 30, 2014		
	As Reported $	Adjustment $	As Amended $
Share of loss from equity investment in Minco Silver	-	(3,194)	(3,194)
Net loss before tax for the period	(717,487)	(3,194)	(720,681)
Deferred income tax expense	(85,800)	85,800	-
Net loss for the period	(803,287)	82,606	(720,681)
Net loss attributable to the Shareholders of the Company	(741,567)	82,606	(658,961)
Loss per share: Basic and Diluted	(0.01)	-	(0.01)

Condensed Consolidated Interim Statement of Comprehensive Loss Impact	Three Months Ended September 30, 2014		
	As Reported $	Adjustment $	As Amended $
Net loss for the period	(803,287)	82,606	(720,681)
Unrealized loss on available-for-sale investment, net of tax	(574,200)	574,200	-
Share of other comprehensive income of investments accounted for using the equity method investment	-	256,080	256,080
Total comprehensive loss for the period	(1,307,075)	912,886	(394,189)
Total comprehensive loss attributable to the Shareholders of the Company	(1,263,900)	912,886	(351,014)

Condensed Consolidated Interim Statement of Loss Impact	Nine Months Ended September 30, 2014		
	As Reported	Adjustment	As Amended
	$	$	$
Loss on derecognition of investment in Minco Silver	(1,647,446)	1,647,446	-
Share of loss from equity investment in Minco Silver	(94,626)	(180,220)	(274,846)
Net loss before tax for the period	(4,495,540)	1,467,226	(3,028,314)
Deferred income tax recovery	200,200	(200,200)	-
Net loss for the period	(4,295,340)	1,267,026	(3,028,314)
Net loss attributable to the Shareholders of the Company	(4,165,758)	1,267,026	(2,898,732)
Loss per share: Basic and Diluted	(0.08)	0.02	(0.06)

Condensed Consolidated Interim Statement of Comprehensive Loss Impact	Nine Months Ended September 30, 2014		
	As Reported	Adjustment	As Amended
	$	$	$
Net loss for the period	(4,295,340)	1,267,026	(3,028,314)
Unrealized gain on available-for-sale investment, net of tax	1,339,800	(1,339,800)	-
Realized gain recycled to net loss	(1,032,182)	873,385	(158,797)
Share of other comprehensive income of investments accounted for using the equity method investment	183,131	110,094	293,225
Total comprehensive loss for the period	(3,748,694)	910,705	(2,837,989)
Total comprehensive loss attributable to the Shareholders of the Company	(3,630,796)	910,705	(2,720,091)

5. Liquidity and Capital Resources

5.1 Cash Flows

	Year ended December 31,	
	2014	**2013**
	$	$
Operating activities	(2,721,600)	(6,043,493)
Investing activities	2,583,260	5,977,656
Financing activities	331,804	1,459,417

Operating activities

For the year ended December 31, 2014, the Company used $2,721,600 cash in operating activities compared to $6,043,493 cash used in 2013. The decrease was primarily due to the final payment of RMB25.2 million ($4.3 million) for the Changkeng Exploration Permit paid to 757 Exploration Team in 2013.

Investing activities

For the year ended December 31, 2014, the Company received RMB 4 million ($720,095) proceeds from the legal settlement with the 208 Team and also proceeds of $1,500,000 from the disposition of Minco Silver's shares.

For the year ended December 31, 2013, the Company redeemed short-term investments of $5.2 million and received the proceeds of $801,395 from the legal settlement with the 208 Team to arrive at $5,977,656 cash generated from investing activities.

Financing activities

For the year ended December 31, 2014, the Company received $258,471 cash advanced from Mingzhong's minority shareholders compared to $159,417 for the comparative period of 2013.

5.2 Capital Resources and Liquidity Risk

As at December 31, 2014, the Company has $1.7 million in cash which was held by the Company's Chinese subsidiaries. The Company may face delays repatriating funds held in China if at any time the Company requires additional resources to enable it to undertake projects elsewhere in the world and to cover administrative expenditures in Canada.

The Company is exposed to liquidity risk, which is the risk that the Company may encounter difficulty in settling its commitments when due. In managing this risk, management determined that the Company's cash balance as at December 31, 2014 of $2.1 million combined with any cash proceeds raised through the sale of a part of its equity interests in Minco Silver or through the sale of exploration properties would be sufficient to meet its cash requirements for the Company's administrative overhead and to maintain its mineral interest throughout fiscal 2015.

The Company's ability to meet its obligations and finance exploration and development activities over the long-term depends on its ability to generate cash flow through various debt or equity financing initiatives. Capital markets may not be receptive to offerings of new equity from treasury or debt, whether by way of private placements or public offerings. The Company's growth and success is dependent on external sources of financing which may not be available on acceptable terms or at all.

5.3 Contractual Obligations

The Company's contractual obligations are related to a cost sharing agreement between the Company, Minco Silver and MBM, related parties domiciled in Canada, which outlines shared expenses incurred by the three companies including consulting and rental expenses.

The cost sharing agreement is renegotiated or amended by the parties annually.

	Payments due by period				
Contractual obligations	**Total**	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
	$	$	$	$	$
Advanced from Mingzhong's Minority Shareholders	453,463	453,463	-	-	-
Operating leases (1)	647,251	239,786	171,564	171,564	64,337
Other obligations (2)	4,048,762	4,048,762	-	-	-
Total contractual obligations	5,149,476	4,742,011	171,564	171,564	64,337

(1) Office rental payments – Canada and China

(2) Due to related parties, and other financial liabilities

6. Off -Balance Sheet Arrangements

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

7. Transactions with Related Parties

Shared expenses

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

At December 31, 2014, the Company had $3,603,848 due to Minco Silver (December 31, 2013 – $3,584,387) and consisted of the following:

Amount due from Foshan Minco as at December 31, 2014 of $35,101 (December 31, 2013 - $15,847), representing the expenditures incurred by Minco China on behalf of Foshan Minco and shared office expenses.

Amount due to Minco Silver as at December 31, 2014 was $3,638,949 (December 31, 2013 – $3,600,234) representing funds advanced from Minco Silver to Minco Gold to support its operating activities in Canada net of shared head office expenses.

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

At December 31, 2014, the Company has $47,696 due from MBM (December 31, 2013 - $67,418), in relation to shared office expenses.

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

Funding of Foshan Minco

Minco Silver cannot invest directly in Foshan Minco as Foshan Minco is legally owned by Minco China. All funding supplied by Minco Silver for exploration of the Fuwan Project must first go through Minco China via the Company to comply with Chinese Law. In the normal course of business, Minco Silver uses trust agreements when providing cash, denominated in US dollars, to Minco China via the Company for the purpose of increasing the registered capital of Foshan Minco. Minco China is a registered entity in China; however it is classified as being a wholly foreign owned entity and therefore can receive foreign investment. Foshan Minco is a Chinese company with registered capital denominated in RMB and can only receive domestic investment from Minco China. Increase to the registered capital of Foshan Minco must be denominated in RMB.

In 2013, Minco Silver advanced US$20 million to Minco China via the Company and Minco Resources in accordance with a trust agreement signed on April 30, 2013, in which Minco Silver agreed to advance US$20 million to Minco China to increase Foshan Minco's registered share capital. As at December 31, 2014, Minco China held US$11,352,188 ($13,201,460) (December 31, 2013 - US$12,526,138 ($13,399,210)) and RMB 39,513 ($7,466) (December 31, 2013 - RMB 14,613,570 ($2,556,161)) in trust for Minco Silver.

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 three months ended and years ended December 31, 2014, 2013 and 2012, the following compensation was paid to key management:

	For the three months ended December 31,		
	2014	**2013**	**2012**
	$	$	$
Cash remuneration	61,591	89,542	109,092
Share-based compensation	25,611	97,231	98,718
Total	87,202	186,773	207,810

	For the year ended December 31,		
	2014	**2013**	**2012**
	$	$	$
Cash remuneration	270,693	341,537	339,714
Share-based compensation	215,202	736,294	601,838
Total	485,895	1,077,831	941,552

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

8. Critical Accounting Estimates

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 judgments and estimates that the Company has made in the preparation of the financial statements:

Significant Influence of Minco Silver

Management has assessed the level of influence that the Company has on Minco Silver and determined that it has significant influence even though its shareholding, as of April 22, 2014 is below 20%. This is because of the representation on Minco Silver's board, common CEO and other shared management.

Impairment

At each reporting date, management conducts a review to determine whether there is any objective evidence that the investment in associate is impaired. This determination requires significant judgment. In making this judgment, management evaluates among other factors, the duration and extent to which the recoverable amount of the investment in Minco Silver is less than its carrying value.

If the recoverable amount is less than the carrying value, the company recognizes an impairment loss in the statement of income (loss).

Management evaluated its investment in Minco Silver for impairment and due to the significant decline in the market value of the Minco Silver shares, the company has recognized an impairment loss during the year of $4,205,816.

Liquidity risk

The Company is exposed to liquidity risk, which is the risk that the Company may encounter difficulty in settling its commitments when due. In managing this risk, management determined that the Company's cash balance as at December 31, 2014 of $2.1 million combined with any proceeds raised through the sale of its investment in Minco Silver or through the sale of exploration properties would be sufficient to meet its cash requirements for the Company's administrative overhead and to maintain its mineral interest for the next 12 months.

9. Adoption of new accounting standard

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

IFRIC 21 - *Levies*

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

9.1 Accounting Standards Issued but Not Yet Applied

IFRS 9, *Financial Instruments* was issued in November 2009 and 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 were added to IFRS 9 in October 2010 and they largely carried forward 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. This 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.

10. Financial Instruments

As explained in Note 3 of the December 31, 2014 audited consolidated financial statements, 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: fair value through profit or loss, loans and receivables, available-for-sale and other financial liabilities.

The following table summarizes the carrying value of financial assets and liabilities as at December 31, 2014 and 2013:

	December 31, 2014	**December 31, 2013**
Loans and receivables	**$**	**$**
Cash	2,117,038	1,797,809
Receivables	103,175	715,649
Due from related parties	47,696	67,418
Liabilities		
Accounts payables	311,552	336,752
Advance from non-controlling interest	453,463	167,920
Due to related party	3,603,848	3,584,387

The carrying value of the Company's loans and receivables and financial liabilities approximate their fair value.

Financial risk factors

The Company's operations consist of the acquisition, exploration and development of properties in China. The Company examines the various financial risks to which it is exposed and assesses the impact and likelihood of occurrence. These risks may include credit risk, liquidity risk, currency risk and interest rate risk. Management reviews these risks on a monthly basis 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– In order to manage credit and liquidity risk the Company places its cash with 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) At December 31, 2014, the balance of $2,117,038 (2013 - $1,797,809) was placed with a few institutions.

Foreign exchange risk

The Company's functional currency is the Canadian dollar in Canada and RMB in China. The foreign currency risk is related to US dollar funds. Therefore the Company's net earnings are impacted by fluctuations in the valuation of the US dollar in relation to the Canadian dollar and RMB. The Company did not hold significant amounts of US dollar cash during the year and therefore the impact of the changes in the US dollar foreign exchange rate is insignificant to the Company's net earnings.

Interest rate risk

The effective interest rate on financial liabilities (accounts payable) ranged up to 1%. The interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market interest rates. Cash entered into by the Company bear interest at a fixed rate thus exposing the Company to the risk of changes in fair value arising from interest rate fluctuations. A 1% increase in the interest rate in Canada will have a net (before tax) income effect of $21,000 (2013 - $18,000), assuming the foreign exchange rate remains constant.

11. Risks Factors and Uncertainties

A comprehensive discussion of risk factors is included in the Company's annual report on Form 20-F for the year ended December 31, 2014, dated March 31, 2015, available on SEDAR at www.sedar.com.

12. Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Management has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. Management has evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2014 and has concluded, based on its evaluation, that these controls and procedures provide reasonable assurance that material information relating to the Company is made known to management and reported as required.

Management is also responsible for establishing and maintaining adequate internal controls over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The control framework used to design the Company's internal control over financial reporting is the Internal Control – Integrated Framework (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, 2014. Based on the result of this assessment, management has concluded that the Company's internal controls over financial reporting are effective.

13. Cautionary Statement on Forward-Looking Information

Except for statements of historical fact, this MD&A contains certain "forward looking information" and "forward looking statements" within the meaning of applicable securities laws, which reflect management's current expectations regarding, among other things and without limitation, the Company's future growth, results of operations, performance and business prospects, opportunities, future price of minerals and effects thereof, the estimation of mineral reserves and resources, the timing and amount of estimated capital expenditures, the realization of mineral reserve estimates, costs and timing of proposed activities, plans and budgets for and expected results of exploration timing of proposed activities, plans and budgets for and expected results of exploration activities, exploration and permitting time-lines, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation obligation and expenses, the availability of future acquisition opportunities and use of the proceeds from financing. Generally, forward looking statements and information can be identified by the use of forward looking terminology such as "plans", "expects", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "believes" or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative connotation thereof.

Forward-looking statements are included throughout this document and include, but are not limited to, statements with respect to: our plans for future exploration programs for our mineral properties; the ability to generate working capital; markets; economic conditions; performance; business prospects; results of operations; capital expenditures; and foreign exchange rates. All such forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. These statements are, however, subject to known and unknown risks and uncertainties and other factors. As a result, 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: our interest in our mineral properties may be challenged or impugned by third parties or governmental authorities; economic, political and social changes in China; uncertainties relating to the Chinese legal system; failure or delays in obtaining necessary approvals; exploration and development is a speculative business; the Company's inability to obtain additional funding for the Company's projects on satisfactory terms, or at all; hazardous risks incidental to exploration and test mining; the Company has limited experience in placing resource properties into production; government regulation; high levels of volatility in market prices; environmental hazards; currency exchange rates; and the Company's ability to obtain mining licenses and permits in China.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that statements containing forward looking information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on statements containing forward looking information. All of the forward-looking information and 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 under the section entitled "*Item 3: Key Information – D. Risk Factors*" in the Company's annual report on Form 20-F available on SEDAR at www.sedar.com. The forward-looking information and statements are made as of the date of this document, and we assume no obligation to update or revise them except as required pursuant to applicable securities laws.