



**MINCO** 明科金矿公司  
GOLD CORPORATION

## **ANNUAL INFORMATION FORM**

**FOR THE YEAR ENDED DECEMBER 31, 2008**

**DATED AS OF APRIL 14, 2009**

**Minco Gold Corporation  
Suite #2772, 1055 West Georgia Street,  
Vancouver, British Columbia  
Canada, V6E 3P3**

*The statements made in this Annual Information Form that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties that could cause actual results to vary materially from the objectives and results described herein. All references to dollars in this Annual Information Form are expressed in Canadian dollars, unless otherwise stated.*

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## **Forward-Looking Statements**

Certain items in this report contain forward-looking statements regarding events, financial matters or trends that may affect the Company's future operating results and financial position. Such statements are subject to risk and uncertainties that could cause the Company's actual results and financial position to differ materially from those anticipated in forward-looking statements. These risk factors include, but are not limited to, the fact that the Company is in the exploration stage, will need additional financing to develop its properties and will be subject to certain risks since its prospectus are located in China. These risk factors are set forth in more detail in "Description of Business" under "Risk Factors."

## **Currency**

All dollar amounts set forth in this Annual Information Form are expressed in Canadian dollars and referred to as "\$" unless otherwise specifically indicated. There are also references in this Annual Information Form to Chinese Renminbi ("RMB"). As at April 15, 2009, the closing rate for one Canadian dollar in RMB was C\$1.00 = 5.6754 RMB as reported by the Bank of Canada.

## **Glossary of Terms**

<b>"757 Team"</b>	means the No. 757 Geo-Exploration Team of the Guangdong Geological Exploration Bureau, an entity owned and controlled by the Guangdong Geological Bureau of the PRC government.
<b>"757 Transfer Agreement"</b>	means the agreement dated November 19, 2004 between 757 Team and Minco China pursuant to which 757 Team agreed to transfer and sell to Minco China the Original Fuwan Silver Permit.
<b>"Additional Permits"</b>	means, collectively the Luoke-Jilinggang Permit, the Guyegang-Sanyatang Permit, and the Guanhuatang Permit. On April 20, 2008, the Fuwan Silver Permit was included as part of the Luoke-Jilinggang Permit.
<b>"alteration"</b>	chemical and mineralogical changes in a rock mass resulting from reaction with hydrothermal fluids or changes in pressure and temperature.
<b>"Amending Contract"</b>	means the contract dated January 10, 2006 between Minco Silver Corporation and GGEDC.
<b>"anomalous"</b>	adjective describing a sample, location or area at which either (i) the concentration of an element(s) or (ii) a geophysical measurement is significantly different from (generally higher than) the average background concentrations in an area. Though it may not constitute mineralization, an anomalous sample or area may be used as a guide to the possible location of mineralization.
<b>"anomaly"</b>	an area defined by one or more anomalous points.
<b>"antimony"</b>	A trivalent and pentavalent metalloid element that is commonly metallic silvery white, crystalline, and brittle yet rather soft.
<b>"assay"</b>	an analysis of the contents of metals in mineralized rocks.
<b>"Assignment Agreement"</b>	means the assignment agreement dated August 20, 2004 between the Company, Minco Silver Corporation, Minco China and Minco BVI.
<b>"Au"</b>	Gold.
<b>"Baojiang"</b>	means Foshan Baojiang Nonferrous Metals Corporation.
<b>"breccia"</b>	a coarse grained rock composed of large, >2mm angular rock fragments that have been cemented together in a fine grained matrix.

<b>“Changkeng JV Agreement”</b>	means the formal joint venture agreement dated September 28, 2004 between the Company, GGEDC, Zhenjie, Baojiang and GD Gold.
<b>“Changkeng Permit”</b>	means the reconnaissance survey exploration permit (#T01120080102000011) which expires on September 10, 2009 in respect of the 1.19 km <sup>2</sup> Changkeng gold property in Gaoyao City of Guangdong Province in southern China.
<b>“Changkeng Property”</b>	means the 1.19 km <sup>2</sup> Changkeng gold property in Gaoyao City of Guangdong Province in southern China which adjoins the property underlying the Fuwan Silver Permit.
<b>“CIM”</b>	Canadian Institute of Mining, Metallurgy and Petroleum.
<b>“Company” or “Minco”</b>	means Minco Gold Corporation (formerly “Minco Mining & Metals Corporation”).
<b>“concentrates”</b>	to separate ore or metal from its containing rock or earth.
<b>“Dadinggang Property”</b>	means the small area within Luoke-Jilinggang Permit, about 0.395 km <sup>2</sup> . This area was extended from the original Luoke-Jilinggang Permit in late 2006.
<b>“deposit”</b>	a mineralized body which has been physically delineated by drilling, trenching and/or underground work and may contain a sufficient average grade of metal or metals to warrant further exploration and/or development expenditures; such a deposit does not qualify as a commercially mineable orebody until final technical, legal and economic factors have been resolved.
<b>“diamond drill holes”</b>	a drilling method whereby rock is drilled with a diamond impregnated, hollow drilling bit which produces a continuous, in-situ record of the rock mass intersected in the form of solid cylinders of rock which are referred to as core.
<b>“fault” or “block fault”</b>	a fracture in a rock across which there has been displacement. Block faults are usually steep, and break the earth’s crust into “blocks” that are displaced vertically and/or laterally relative to each other.
<b>“First Confirmation Agreement”</b>	means the confirmation agreement dated May 2, 2005 between the Company, Minco China and Minco Silver Corporation.
<b>“Fuwan JV Agreement”</b>	means the formal joint venture agreement dated September 28, 2004 between Minco Silver Corporation and GGEDC.
<b>“Fuwan Permits”</b>	means, collectively, the Fuwan Silver Permit and the Additional Permits.
<b>“Fuwan Property”</b>	means the Fuwan silver property which is located in Guangdong Province in southern China beside the Xijiang River consisting of the following three components: (i) the properties which are the subject of the Fuwan Silver Permit; (ii) the properties which are the subject of the Luoke-Jilinggang Permit and the Guyegang-Sanyatang Permit; (iii) the Guanhuatang permit; and (iv) Minco Gold’s interests in the silver mineralization located on the Changkeng Property.
<b>“Fuwan Silver Permit”</b>	means the reconnaissance survey exploration permit (# 0100000730293) in respect of the 0.79 km <sup>2</sup> Fuwan silver property in Gaoming Region, Foshan City of Guangdong Province issued to Minco China and having validity from August 20, 2007 to July 20, 2009. On April 20, 2008, the Fuwan Silver Permit was included as part of the Luoke-Jilinggang Permit.
<b>“g/t”</b>	unit of grade expressed in grams/tonne.
<b>“gangue”</b>	the non economic portion of ore.
<b>“GD Gold”</b>	means Guangdong Gold Corporation.

<b>“geophysical”</b>	the use of geophysical instruments and methods to determine subsurface conditions by analysis of such properties as specific gravity, electrical conductivity, and magnetic susceptibility.
<b>“GGEDC”</b>	means Guangdong Geological Exploration and Development Corp., an entity owned and controlled by the Guangdong Geological Bureau of the PRC government.
<b>“gouge”</b>	a thin layer of soft earthy putty-like rock material along the containing wall of a mineral vein.
<b>“grade”</b>	the amount of valuable mineral in each tone of ore, expressed as ounces per ton or grams per tonne for precious metal and as a percentage by weight for other metals.
<b>“Guanhuatang Permit”</b>	means the reconnaissance survey exploration permit (#T01120080502000491) in respect of the 37.29 km <sup>2</sup> Guanhuatang silver and multi-metals property in Foshan City of Guangdong Province issued to Minco China and having validity from May 26, 2008 to April 7, 2010.
<b>“Guyegang-Sanyatang Permit”</b>	means the reconnaissance survey exploration permit (#T01120080402000421) in respect of the 74.74 km <sup>2</sup> Guyegang-Sanyatang silver and multi-metals property in Gaoming Region, Foshan City of Guangdong Province issued to Minco China and having validity from April 20, 2008 to April 7, 2010.
<b>“hydrothermal”</b>	of or pertaining to heated water, to the action of heated water, or to the products of the action of heated water.
<b>“limestone”</b>	A sedimentary rock consisting of chiefly >50% calcium carbonate.
<b>“Luoke-Jilinggang Permit”</b>	means the reconnaissance survey exploration permit (# 0100000620526) in respect of the 76.62 km <sup>2</sup> Luoke-Jilinggang silver and multi-metals property in Gaoyao City, Zhaoqing City of Guangdong Province issued to Foshan Minco and having validity from September 26, 2008 to July 20, 2009.
<b>“Minco Base Metals”</b>	means Minco Base Metals Corporation
<b>“Minco BVI”</b>	means Minco Silver Ltd.
<b>“Minco China”</b>	means Minco Mining (China) Corporation.
<b>“Minco Gold”</b>	means Minco Gold Corporation (formerly “Minco Mining & Metals Corporation”).
<b>“Minco Silver”</b>	means Minco Silver Corporation.
<b>“mineral reserve”</b>	the economically mineable part of a measured mineral resource or indicated mineral resource demonstrated by at least a preliminary feasibility study. This study must include adequate information on mining, processing, metallurgical, economic and other relevant factors that demonstrate, at the time of reporting, that economic extraction can be justified. A mineral reserve includes diluting minerals and allowances for losses that may occur when the material is mined.
<b>“mineral resource”</b>	a concentration or occurrence of natural, solid, inorganic or fossilized organic material in or on the earth’s crust in such form and quantity and of such a grade or quality that it has reasonable prospects for economic extraction. The location, quantity, grade, geological characteristics and continuity of a mineral resource are known, estimated or interpreted from specific geological evidence and knowledge.
<b>“mineralization”</b>	the process or processes by which a mineral or minerals are introduced into a rock, resulting in an economically valuable or potentially valuable deposit.
<b>“MOLAR”</b>	means The Ministry of Land and Resources.

<b>“Original Fuwan Silver Permit”</b>	means the reconnaissance survey exploration permit (# 440000040093) in respect of the 0.79 km <sup>2</sup> Fuwan silver property in Gaoming Region, Foshan City of Guangdong Province, legally conferred to 757 Team by Guangdong Department of Land and Resources on September 12, 2003.
<b>“outcrop”</b>	an exposure on the surface of the underlying rock.
<b>“oz”</b>	Troy ounce consisting of 31.1035 grams.
<b>“Pb”</b>	Lead.
<b>“Preliminary Changkeng JV Agreement”</b>	means the preliminary joint venture agreement dated April 16, 2004 between the Company, GGEDC, Zhenjie and Baojiang.
<b>“Preliminary Fuwan JV Agreement”</b>	means the preliminary Fuwan joint venture agreement dated April 16, 2004 and amended August 18, 2004 between Minco BVI and GGEDC.
<b>“pyrite”</b>	A sulphide mineral of iron and sulphur.
<b>“Pyroclastic”</b>	refers to a sedimentary rock composed or airborne volcanic material from a volcanic eruption.
<b>“Qualified Person”</b>	an individual who is an engineer or geoscientist with at least five years experience in mineral exploration, mine development, production activities and project assessment, or any combination thereof, including experience relevant to the subject matter of the project or report and is a member in good standing of an approved self-regulating organization.
<b>“quartz”</b>	A common rock-forming mineral comprised of silicon and oxygen (SiO <sub>2</sub> ).
<b>“RMB”</b>	means the Chinese currency Renminbi.
<b>“sample”</b>	a sample of selected rock chips from within an area of interest.
<b>“sandstone”</b>	A medium grained clastic sedimentary rock.
<b>“Sb”</b>	Antimony.
<b>“Second Confirmation Agreement”</b>	means the confirmation agreement dated August 24, 2006 between the Company, Minco China and Minco Silver.
<b>“sedimentary rock”</b>	A rock that has been formed by the consolidation of loose sediment that has accumulated in layers.
<b>“sedimentary”</b>	formed by the deposition of solid fragmented material that originates from weathering of rocks and is transported from a source to a site of disposition.
<b>“strike”</b>	the direction or trend that a structural surface takes as it intersects the horizontal.
<b>“sulphide”</b>	a class of minerals commonly combining various elements in varying ratios with a sulphur.
<b>“tonne”</b>	metric unit of weight consisting of 1000 kilograms.
<b>“Transfer Confirmation Agreement”</b>	means the confirmation agreement dated November 19, 2004 between 757 Team, GGEDC and Minco China.
<b>“Triassic”</b>	the period of geological time from 225 to 195 million years before present.
<b>“vein”</b>	A tabular mineral deposit formed in or adjacent to faults or fractures by the deposition of minerals from hydrothermal fluids.
<b>“veinlet”</b>	A small vein; the distinction between vein and veinlet tends to be subjective.



**“volcanic”**

pertaining to the activity, structures or rock types of a volcano.

**“Zhenjie”**

means Zhuhai Zhenjie Development Ltd.

## **CORPORATE STRUCTURE**

### **Name, Address and Incorporation**

Minco Gold Corporation (the "Company" or "Minco") was incorporated under the laws of the Province of British Columbia on November 5, 1982, under the name "Caprock Energy Ltd." On February 19, 1996, current management acquired its interests in Minco pursuant to the "PCR Agreement," and the "Teck-Cominco Agreements," described in "General Description of Business and Operations." On January 29, 2007 the Company changed its name from Minco Mining & Metals Corporation to Minco Gold Corporation. The Company has subsidiaries which are also engaged in the acquisition and exploration of mineral projects in China. See "Organizational Structure."

The principal executive office and registered office of the Company is located at Suite #2772, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 3P3, telephone number 604-688-8002, fax number 604-688-8030 and email address info@mincomining.ca. The Company's shares trade on the Toronto Stock Exchange ("TSX") under the trading symbol MMM and are listed in the United States on the Over the Counter market ("OTC") under the symbol MMAXF. On November 11, 2005 the Company received listing approval on The American Stock Exchange ("AMEX"). The Company began trading on the AMEX on November 22, 2005 with its trading symbol on the AMEX as "MMK". On February 1, 2007 the trading symbol on the AMEX was changed from MMK to MGH. The Company has no affiliation with 3M Corporation, which company's trading symbol in the United States is MMM.

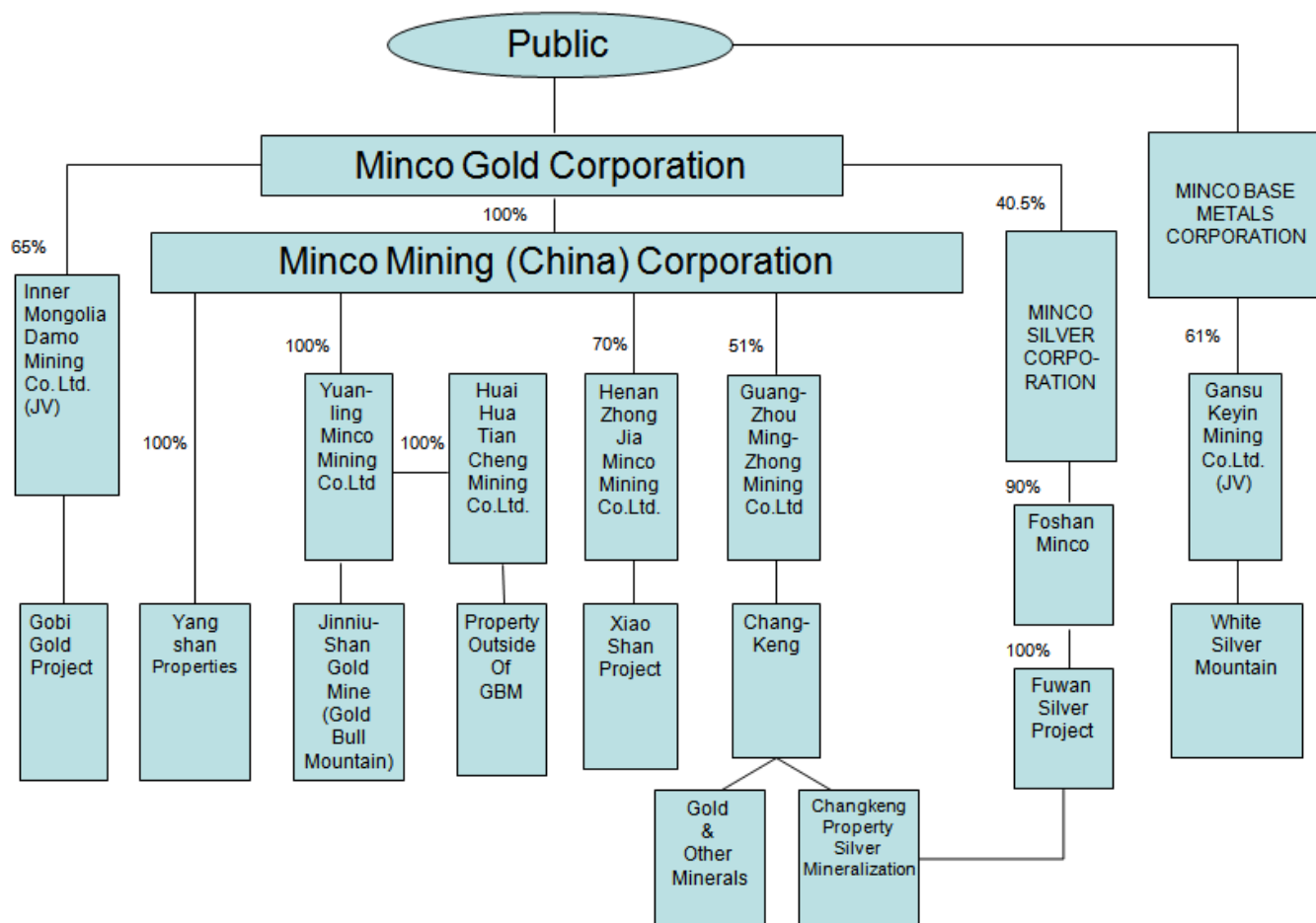
### **Inter-corporate Relationships**

The Company has two significant investments in two companies with current or planned business operations, which were all created for the exploration and acquisition of mineral projects in China as described below:

- Minco Silver Corporation ("Minco Silver"), incorporated on August 20, 2004, under the laws of British Columbia. This company was incorporated to acquire and develop silver projects in China and is currently involved with the development of the Fuwan Silver Property, Guangdong Province, China, described under "Description of Mineral Properties." The Company owns a 40.5% interest in Minco Silver.
- Minco Mining (China) Corporation, incorporated in China on May 12, 2004, for the purposes of managing the Company's projects in China, enhancing the Company's management team in China, and to expand upon certain mining activities (such as staking) in China. This company currently has 71 full time and part time employees. This company is wholly owned by the Company.

### **Organizational Chart**

The following chart sets forth the Company's corporate structure, including its significant subsidiaries, and related parties along with the various mineral properties held by each of them, as at the date of this Annual Information Form:



## GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

Through joint ventures with Chinese governmental entities, alliances with Teck Cominco Limited, Silver Standard Resources Inc., and other mining companies, the Company has been engaged in the exploration and acquisition of precious metal and base metal projects in the People's Republic of China since 1996.

At an Annual General and Special Meeting of Shareholders of the Company held on June 27, 2005 shareholders approved the undertaking of a reorganization of its exploration activities through a segregation of silver and base metal activities from its gold properties. Pursuant to the reorganization plan, the Company caused its subsidiary, Minco Silver Corporation ("Minco Silver") to complete an initial public offering of its shares. Minco Silver began trading on the Toronto Stock Exchange on December 2, 2006 under the symbol of "MSV". The Company now owns a total of 13,000,000 common shares of Minco Silver, representing 40.5% of the issued and outstanding shares of Minco Silver.

On November 15, 2007, the Company completed a Plan of Arrangement pursuant to which the Company spun off its White Silver Mountain project in Gansu Province, People's Republic of China to Minco Base Metals Corporation ("Minco Base Metals"). This Plan of Arrangement resulted in the shareholders of the Company receiving one common share of Minco Base Metals for every five common shares of the Company held on the record date which was November 15, 2007. On September 22, 2008, Minco Base Metals entered into an agreement to sell the White Silver Mountain property to focus on acquiring other base metals properties. The Company now holds no shares of Minco Base Metals.

As a result of the completion of the Minco Silver initial public offering in 2005 and the completion of the Minco Base Metals Plan of Arrangement in 2007, the Company's business is now focused on its gold projects.

As outlined in greater detail below, the focus of the Company's activities over the past three years has been the exploration of its BYC, Gobi Gold, the White Silver Mountain project, Longnan, Xiaoshan, Jinniushan (GBM), and the Fuwan Silver projects in China. See "Description of Mineral Properties" for more detailed descriptions of these properties. The following is a discussion of the properties that Minco Gold holds directly and through its subsidiaries.

### **General Description of Business and Operations**

The Company is in the exploration stage and had no operating revenue during the years ended December 31, 2008, 2007 and 2006. Since the signing of the Company's first co-operation agreement in China in 1995, the Company has been active in mineral exploration, property evaluation and acquisition in China and plans to build a portfolio of precious metals properties in China. To date, the Company has conducted exploration work on properties located in Sichuan, Xinjiang, Hebei, Inner Mongolia, Hunan, Henan and Gansu provinces of China. The Company has investigated or evaluated approximately 300 Chinese mineral properties. The Company has rights to earn interests in six Sino-foreign co-operative joint ventures that have been established within the Chinese mining industry.

At present, Minco is an exploration-stage company and further exploration will be required on its properties before final evaluations as to the economic and legal feasibility can be determined. None of Minco's properties have a known body of commercial ore, nor are any of the Company's properties at the commercial development or production stage. No assurance can be given that mineral deposits that may exist on any of Minco's properties or they will become commercially viable. Further, Minco's interest in joint ventures that own properties will be subject to dilution if Minco fails to expend further funds on the project. Minco has not generated cash flows from operations. These facts increase the uncertainty and risks faced by investors in Minco. See "Risk Factors."

#### **The Fuwan Joint Venture**

On August 20, 2004, the Company, Minco Silver, Minco China and Minco BVI entered into an assignment agreement (the "Assignment Agreement") whereby Minco Gold, Minco BVI and Minco China assigned to Minco Silver their respective interests in each of the following:

- a) the preliminary Fuwan joint venture agreement dated April 16, 2004 and amended August 18, 2004 (the "Preliminary Fuwan JV Agreement") between Minco BVI and the Guangdong Geological Exploration and Development Corporation ("GGEDC");
- b) the right to earn the 51% interest in the silver mineralization to be acquired by Minco Gold pursuant to the Changkeng JV Agreement; and
- c) certain additional exploration permits identified by and to be acquired by Minco China, namely the Additional Permits.

In consideration for the assignment of the foregoing interests, Minco Silver issued 14,000,000 common shares to the Company.

#### **The Changkeng Joint Venture**

On April 16, 2004, Minco Gold, GGEDC, Zhuhai Zhenjie Development Ltd. ("Zhenjie") and Foshan Baojiang Nonferrous Metals Corporation ("Baojiang") entered into a preliminary joint venture agreement (the "Preliminary Changkeng JV Agreement") to explore and develop the mineral property underlying the Changkeng Permit. The target mineral on the Changkeng Property is gold but the property is known to also contain silver mineralization. On August 20, 2004, Minco Silver, Minco Gold, Minco China and Minco BVI entered into the Assignment Agreement whereby Minco Gold, Minco BVI and Minco China assigned to Minco Silver their respective interests

in, among other things noted above, Minco Gold's right to earn up to a 51% interest in the Changkeng Property's silver mineralization pursuant to the Preliminary Changkeng JV Agreement.

The Preliminary Changkeng JV Agreement was superseded by a formal joint venture agreement dated September 28, 2004 (the "Changkeng JV Agreement") made among the original four parties to the preliminary joint venture agreement and a fifth company, Guangdong Gold Corporation ("GD Gold"). The Changkeng JV Agreement provides for the establishment of a sino-foreign joint venture with limited liability (the "Changkeng JV") to explore and develop non-ferrous and precious metals resources. The Changkeng JV Agreement provides that the total investment of the Changkeng JV (the "Changkeng Total Investment") will be 100 million RMB and that the registered capital of the Changkeng JV will be 50 million RMB. The contribution proportions of the parties to the Changkeng JV Agreement are as follows: GGEDC - 19%; Minco Gold - 51%; Zhenjie - 18%; Baojiang - 10%; and GD Gold - 2%. To earn a 51% equity interest in the Changkeng JV, Minco Gold must contribute 51 million RMB of the Changkeng Total Investment in six instalments.

In 2007 a business license has been granted to Guangzhou Mingzhong Mining Co. Ltd. ("Mingzhong"), a cooperative joint-venture established among Minco Mining (China) Co. Ltd. ("Minco China"), Guangdong Geological Exploration Corporation ("GGEC"), and two private Chinese companies to jointly explore and develop the Changkeng Gold Property. Under the terms of the agreement, Minco China, a wholly owned subsidiary of Minco Gold, has the right to earn a 51% equity interest in Changkeng with a total contribution of RMB 51 million (approx. US \$7.1 million). The other shareholders will contribute RMB 49 million (approx. US \$6.8 million) for their 49% equity interest in Mingzhong.

Mingzhong signed a purchase agreement to buy a 100% interest in the exploration permit (the "Changkeng Exploration Permit") on the Changkeng Gold Property from 757 Geo-Exploration Team of Guangdong Geological Exploration Bureau ("757 Exploration Team"). Total purchase price (the "Purchase Price") is appraised to be RMB 49 million (approx. US \$6.8 million), payable in three installments within two years. The Ministry of Land and Resources of China has approved the Purchase Price and the transfer of the Changkeng Exploration Permit from 757 Exploration Team to Mingzhong.

### **Marketing Plan and Strategies**

The Company's goal is to become a leading foreign mining company in China. Since the signing of its first co-operation agreement in China in 1996, the Company has been actively involved in mineral exploration and property evaluations in China, and in the acquisition and development of precious and base metals projects in China.

The Company has conducted exploration work on properties located in Sichuan, Xinjiang, Hebei, Inner Mongolia, and Gansu provinces of China. Currently, the Company has interests in six Sino-Foreign co-operative joint ventures. See "Corporate Structure." Over the years, the Company has established strong ties with Chinese governmental bureaus and also with Chinese mining enterprises. The Company's senior management has in-depth experience with the intricacies of Chinese mining laws, and permitting and licensing procedures. The Company's goal is to build a portfolio of high-quality properties in China, as well as maintaining strategic relationships with premier mining enterprises in China.

### **Employees and Premises**

The Company currently shares 71 employees with Minco Silver, of which 8 employees are located in Vancouver, British Columbia and the other 63 are located in China. The Company has allocated funds to recruit additional consultants to assist with exploration programs on its properties in China. The Company believes its current premises will provide adequate space for expansion over the next three years.

## DESCRIPTION OF MINERAL PROPERTIES

### I. CHANGKENG GOLD PROPERTY

#### *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 Corporation's world-class Fuwan Silver deposit and situated close to well established water, power, and transportation infrastructure.

#### *Ownership*

Guangzhou Mingzhong Mining Co., Ltd. ("Mingzhong"), a cooperative joint-venture established among Minco Mining (China) Co., Ltd. ("Minco China"), Guangdong Geological Exploration Corporation ("GGEC"), and two private Chinese companies to jointly explore and develop the Changkeng Gold Property, has signed a purchase agreement to buy a 100% interest in the exploration permit (the "Changkeng Exploration Permit") on the Changkeng Gold Property from 757 Geo-Exploration Team of Guangdong Geological Exploration Bureau ("757 Exploration Team"). Total purchase price (the "Purchase Price") has been appraised to be RMB 49 million (approx. US \$6.8 million), payable in three installments within two years. The Ministry of Land and Resources of China has approved the Purchase Price and the transfer of the Changkeng Exploration Permit from 757 Exploration Team to Mingzhong.

Under the terms of the agreement, Minco China, a wholly owned subsidiary of Minco Gold, has the right to earn a 51% equity interest in Changkeng with a total contribution of RMB 51 million (approx. US \$7.1 million). The other shareholders will contribute RMB 49 million (approx. US \$6.8 million) for their 49% equity interest in Mingzhong.

#### *Background*

Gold was discovered at Changkeng in early 1990 by systematic follow up of stream sediment and soil geochemical anomalies identified from surveys completed by the Guangdong Provincial government. Illegal, small scale mining began in 1991 and removed most of the oxidized, near surface mineralization. Based on 13 surface trenches and 81 diamond drill holes, P&E Mining Consultants Inc. ("P&E") of Brampton, Ontario, prepared an initial NI 43-101 compliant resource estimate on the deposit in March of 2008. The current resources residing on the Changkeng deposit include 379,000 ounces gold indicated and 333,400 ounces gold inferred. The detailed resource estimate is provided below.

#### *Geology and Mineralization*

The Changkeng-Fuwan gold and silver deposits occur within the Sanzhou basin, which is a triangular-shaped, Upper Paleozoic fault-bounded basin. Upper Paleozoic and Mesozoic sedimentary units are folded into an open syncline with a northeast-trending axis. A shallow dipping fault zone developed near the unconformity separating Lower Carboniferous limestone and Upper Triassic clastic sedimentary units hosts the gold and silver deposits at Changkeng and Fuwan.

The Changkeng gold mineralization occurs as lenses of brecciated and silicified Triassic clastic rock. Barite, fluorite, carbonate and pyrite are associated with the mineralized zones. Two gold-bearing mineralized zones are exposed at surface and merge at depth and along strike to the northeast. Zone 1 has a strike length of 747 metres and ranges in width from 1 to 39.26 metres. Zone 2 has a strike length of 134 metres and ranges in width from 3.55 to 11.47 metres. The deposit is open to the east, south and down-dip from the outcropping mineralization and provides an opportunity to significantly increase the resources for the deposit.

## Resource Estimate

An initial NI 43-101 resource estimate technical report was prepared by Qualified Persons Eugene Puritch, P.Eng. and Tracy Armstrong, P.Geo. of P&E Mining Consultants Inc. and the resource estimate was released on March 12, 2008. The estimate contains an indicated resource of 2.1 million tonnes @ 5.61 g/t gold (Au) for a total of 379,000 oz Au and an inferred resource of 2.2 million tonnes @ 4.82 g/t Au for a total of 333,400 oz Au. The Changkeng deposit remains open along strike to the northeast and southwest. Details of the resources residing on the Changkeng Deposit are shown in **Table 1**.

**Table 1:** Resource Estimate @ 1.5 g/t AuEq\* Cut-Off Grade.

Classification	Tonnes	Au (g/t)	Au (oz)	Ag (g/t)	Ag (oz)	AuEq* (g/t)	AuEq* (oz)
Indicated	2,101,000	5.61	379,000	10.7	723,000	5.81	392,100
Inferred	2,152,000	4.82	333,400	9.3	643,000	4.99	345,100

\* The AuEq grade was calculated from metal prices of Au US\$650/oz and Ag US\$12.50/oz with respective recoveries of 95% and 90%. The calculated Au:Ag ratio was 55:1

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

For the purposes of the resource update report, the resource was defined using approximate January 2008 24 month trailing average metal prices of US\$650/oz Au and US\$12.50/oz Ag. Costs of US\$12/tonne for mining, US\$13/tonne for processing/tailings management and US\$5/tonne for G&A for a total of US\$30.00/tonne and a process recovery of 95% for Au and 90% for Ag yield a cut-off grade of 1.50 g/t AuEq. The report is available at [www.sedar.com](http://www.sedar.com).

The mineral resources were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005.

The purpose of this resource estimate was to:

- Take into consideration Minco Gold's recently completed 6 drill holes.
- Estimate gold resources that reflect Minco Gold's current exploration permit holdings on the Changkeng property.
- Identify areas where inferred resources can be upgraded to indicated with additional drilling.
- Identify areas where the resource can be expanded.

## Drilling Results

Minco completed a limited drilling program at Changkeng in October 2004, confirming the results from previous Chinese drilling and the continuity of the Zone 1. All the holes were drilled vertically and true widths of the intersections have not yet been established. The holes are drilled on a northwest-southeast grid approximating the dip direction of the mineralized zone.

In late 2007, six holes were drilled to expand and confirm the mineralization on the Changkeng gold deposit. Significant gold results of the drilling are as follows and the complete results can be found on the Company's website:

- CK2006 5.788 g/t Au over 12.62 metres (m)
- CK2007 5.54 g/t Au over 8.0 m
- CK2010 7.83 g/t Au over 26.81 m, including 12.23 g/t Au over 14.81 m

As at December 15, 2008, 11,809 metres of diamond drilling were completed in 60 drill holes, including seven shallow observation holes, with a total footage of 692 metres, for the hydrogeological testing. The permit area has now been covered with a drill grid of 80X80 meters and the major mineralization zone has been infilled to a drill grid of 40X40 meters. Hydrogeological testing and further drilling is currently being conducted. Holes for more detailed metallurgical sampling have been completed. All results are pending.

#### *2009 Work Program*

Following the completion of the drill program, an updated resource estimate will be completed and an exploration report will be completed for National (China) permitting requirements in 2009. These studies will be combined and used as the basis for completing an independent Preliminary Economic Assessment ("PEA") on the project.

## **II. LONGNAN PROPERTIES (YANGSHAN, YEJIABA AND XICHENG EAST PROJECTS)**

Minco Gold's wholly-owned subsidiary, Minco China, presently holds 12 exploration permits in Longnan region of south Gansu Province. Five of the permits are located in the Yangshan belt situated east and north of the Anba deposit and the four Yejiaba exploration permits are located on a regional structural belt parallel to the Yangshan gold belt. Three permits are located in a geological terrain immediately north of the Yangshan belt on the Xicheng Pb – Zn belt and are referred to as the Xicheng East permits. All 12 exploration permits are located over regional geochemical gold anomalies with host rocks and structure similar that at Anba and other gold deposits in the region.

#### *Yangshan Project Area*

The Yangshan Sub-project Area consists of five exploration permits. The geochemical data in the Company's stream sediment sampling program at the northeast extension of the Anba gold deposit outlines 20 composite anomalies of Au, As, Sb or Ag which have been delineated in the survey area. The gold anomalies coincide with strong As and Sb values located in a Devonian clastic rock unit closely associated with a regional arcuate fault structure. The structural and geological setting and geochemical features of these anomalies are comparable to those of the known areas of gold mineralization along the Yangshan gold trend. Follow up for some selected gold anomalies was conducted with detail soil sampling and sketch mapping. Peak values in soil gold anomalies range from 100 to 779 ppb. Two significant gold occurrences, the Yuezhao and the Yangshanli, were discovered through surface trenching.

#### *Yejiaba Project Area*

The Yejiaba Sub-project Area consists of four exploration permits. 14 composite anomalies in stream sediment samples have been delineated in the Yejiaba project area, a belt parallel to and north of Yangshan. The largest composite anomaly, the Madigou anomaly, is 23 square kilometers in area and characterized by coincident Au, Ag, As, and Sb values. Follow up for selected stream sediment anomalies was conducted with detail soil sampling. Peak values in soil anomalies are more than 100ppb for gold and from 1,000 to 14,000 ppb for silver.



### Xicheng Project Area

Xicheng Project Area is located at the east extension of the well-known Xicheng Pb-Zn metallogenic belt northeast of Yejiaba and consists of three exploration permits. 11 composite anomalies have been delineated in the project area. The largest anomaly is about 16 square kilometres in area and consists of coincident Au, Ag, Pb and Zn values. For the Xicheng East area as a whole, good potential for gold, silver, lead and zinc is indicated. Follow up for some significant stream sediment anomalies was conducted with traverse line investigation, detailed soil sampling and sketch mapping. Very strong anomalies for gold and silver were detected in soil samples and four Ag-Au-Pb-Zn occurrences were discovered. High grade Ag, Pb and Zn was detected from grab samples.

The samples above were analyzed for Au, Ag, As, Sb, Bi, Cu, Pb, Zn, W, Mo, Ba and Hg at the central lab of the Institute of Geophysical and Geochemical Exploration in Langfang, Hebei province. Analytical quality was controlled by inserting reference samples and duplicate samples in each 20-sample batch. In November 2006 the Company announced that significant gold, silver, antimony, lead and zinc mineralization had been discovered in all the three sub-project areas, including the following most significant mineral occurrences:

#### **Major Discoveries**

Major semi-regional geochemical anomalies delineated in 2005 were followed up with traverse line investigation, soil sampling, and sketch mapping in 2006 and 2007. Further detailed trenching and test drilling were conducted over significant soil gold anomalies and alteration and mineralization zones. Significant gold, silver, antimony, lead and zinc mineralization has been discovered in all the three sub-project areas, including the following most significant mineral occurrences:

Yangshanli Gold Occurrence: Eight structurally controlled alteration and mineralization zones have been identified with the largest and strongest composite anomalies of Au, As, Sb and Ag at the central section of the Yangshan Project Area. Individual zone ranges from several hundreds to more than 1,600 metres in length. Average grade of gold mineralization intersected in trenches is from 0.3 to 1.03g/t and width of mineralization zones varies from 4 to 13.4 metres. Significant channel sample intersections include 1.02g/t Au over 7m, 0.79g/t Au over 10.3m, and 0.5g/t Au over 10.9m.

Yuezhao Gold Occurrence: A major gold zone has been identified on the Yuezhao area located at the east end of the Yangshan Project Area. Gold mineralization occurs in the Devonian dark-grey carbonaceous phyllite and the strata-bound gold zone can be traced over 1,000 meters at surface. Continuous channel sampling across the mineralization zone revealed an average gold grade of 2.17g/t gold over 11 meters.

Chengjiagou Silver-Gold-Lead (Ag-Au-Pb) Occurrence: Mineralization occurred in Devonian carbonaceous slate in an abandoned artisan adit in the Xicheng Project Area. One sample returned 133.3g/t Ag, 0.39 g/t Au, 4.25% Pb, 0.1% Zn, and 0.2% Cu. Another grab sample yielded 567.4g/t Ag, 0.52g/t Au, 7.07% Pb, 0.38% Zn, 0.3% Cu.

Miaogou Ag-Pb-Zn Occurrence: Artisan mining tunnels and pits have been seen within very strong soil silver anomalies at the east section of the Xicheng East Project area. Individual veins range from 0.2 to 1m. Two grab samples returned 0.2 and 0.24g/t Au, 160 and 615g/t Ag, 5.24 and 25.44% Pb, 9.79 and 13.62% Zn, respectively.

Shiaigou Pb-Zn-Ag Occurrence: Five Pb-Zn mineralization zones discovered in Devonian sandy slate. Individual vein is from 0.2 to 0.6m in width and 200 to 270m in length. Grab samples returned 0.11-6.31% Pb, 4.39-25.8% Zn and 39-58g/t Ag.

Yangjiagou Silver-Gold-Lead (Ag-Au-Pb) Occurrences: Mineralization occurs in the Devonian carbonaceous slate in the Yejiaba Project Area. A grab sample from a mineralized outcrop in carbonaceous slate returned 137g/t Ag, 0.87g/t Au and 2.6% Pb.

## ***Exploration Activities***

### *2005 Exploration*

In November 2005, the Company completed a semi-regional stream sediment geochemical survey within five of the Yangshan permits, four of the Yejiaba permits and the three Xicheng East permits. The survey covered approximately 1000 km<sup>2</sup> and involved collection of stream sediment samples from active drainages at a density of approximately 4 samples per km<sup>2</sup>. Many important and significant semi-regional anomalies were delineated in the three sub-project areas. Some anomalies are located at the direct northeast extension of the well-known Yangshan gold zone.

### *2006 Exploration*

Follow-up for some of the major drainage geochemical anomalies by a combination of geological mapping, prospecting, ridge and spur soil sampling, grid soil sampling and trenching was conducted in the three sub-project areas. This has resulted in the direct discovery of Yuezhao, Yangjiogou, Chengjiagou, Qiuziping occurrences. Significant soil anomalies of Au, As, Ag, and Sb were delineated at the Yangshanli area.

### *2007 Exploration*

Exploration activities in 2007 were focused on detailed follow up for major gold and silver soil anomalies in the Yangshan and the Xicheng East Sub-project Areas and reconnaissance follow up for some minor stream sediment anomalies in the Yejiaba and the Yangshan Sub-project Areas, including:

1. Trenching and test drilling at Yuezhao Gold Occurrence: The Yuezhao mineralization zone was traced with trenching along strike with trenching and along dip with test drilling. Results from test drilling indicate that the Yuezhao mineralization zone show a pinch-out pattern at depth and potential for further discovery is limited;
2. Mapping and Trenching at Yangshanli Soil Anomaly: Detailed mapping and trenching were conducted in one of the major soil anomalies at Yangshanli. Eight alteration and mineralization zones were recognized in the anomalous area and gold mineralization was intersected in most of the exploration trenches over three zones;
3. Soil sampling at some selected stream sediment anomalies in the Yejiaba and the Yangshan Sub-project areas; and
4. Reconnaissance Investigation at Xicheng East: Investigation has resulted in the discovery of the Miaogou, the Shiaigou Ag, Pb and Zn occurrences.

### *2008 Exploration*

Exploration focus in 2008 was on the following:

1. Detailed mapping, trenching and IP survey at the Yangshanli and adjacent areas in the Yangshan sub-project area;
2. Detailed follow up investigation in Sanchawan, Chengjiagou, Shiaigou and Miaogou occurrences at the Xicheng East sub-project area to generate targets for further exploration.;
3. Reconnaissance investigation at some geologically favourable areas for regional target selection at the Yangshan, the Yejiaba and the Xicheng East sub-project areas.

The disastrous earthquake in May and aftershocks in the following months has seriously interrupted and delayed most of the exploration programs at Longnan.

In 2007, an aggressive trenching and drilling program was proposed for the Yuezhao and the Yangshanli areas in the Yangshan sub-project area and the Chengjiagou and the Chachashi areas in the Xicheng East sub-project area in

2007. Following up for the unchecked significant stream sediment anomalies was also continued over the three sub-project areas.

### Yangshanli

At the end of June 2008, a surface mapping and trenching program was initiated within the 3 km<sup>2</sup> area in the Anpingli-Shibali area, and follow up for some major Au, As and Sb anomalies was conducted in the adjacent areas of the known mineralization zone. The surface mapping program is designed to better understand the structure control and trace the strike extension of the known gold mineralization intersected in trenches last year. 13km<sup>2</sup> of 1:10,000 mapping was completed by the end of September. A new mineralization zone of more than 5 meters in width has been discovered about 1,000 meters north of the major known zone revealed in trenches TC21, TC7 and TC8. The new zone occurred at the contact zone between thick limestone and phyllite and closely associated with a NW-trending fault zone. Grade of continuous surface chip samples is from 0.25 to 0.8g/t Au with widths of 0.5 to 1.0 meters.

Five trenches were dug to trace the strike extension of the known mineralization outcrops but most of them did not reach bedrock. The effectiveness of trenching is very limited because of the thick overburden in most of the survey area.

An IP survey was completed in the 3km<sup>2</sup> investigation area in September to define exploration targets at depth. Dip extensions of favourable rock units and structures as well as possible intrusives have been delineated with the results of the IP survey in the survey area.

### Xicheng East

A reconnaissance survey program was initiated across the exploration areas at the Xicheng East sub-project area. The general objective of the reconnaissance investigation is to define targets for more detailed exploration by systematic traverse line mapping and sampling over the five known Pb-Zn-Ag occurrences and the Mohuashan geochemical soil anomalies. Channel samples were collected over known mineral occurrences and chip samples were collected over new alteration and mineralization zones along traverse lines.

Reconnaissance investigation was completed by September and consisted of 41.5km line kilometres of geological mapping and 236 chip and channel samples were collected over known mineral occurrences and favourable potential areas. Major results are summarized below:

1. Sanchawan Pb-Zn Occurrence: Mineralization occurred in sandstone at the contact zone between sandstone and limestone. The mineralization zone is 2.0 to 4.8m in width and can be traced for 150m along strike. Three artisan tunnels and mining pits were observed. Spot galena and limonite can be seen in samples. 31 channel samples were collected and 12 of them contain 0.28% to 1.85% Pb with widths of 0.5 to 1.0 meter. The zone is considered a Pb-dominated mineralization zone and deep potential of the zone should be further evaluated.
2. Chengjiagou Au-Ag-Pb Occurrence: Mineralization occurred in a small fractured zone in sandy slate. The observed mineralization zone is 2.3m in length and 0.03 to 0.3m in width. Banded and glaucohalite galena was observed associated with silification and pyritization. Two of the seven channel samples contain 1.67g/t Au, 10g/t Ag, 0.43% Pb and 0.33g/t Au, 70g/t Ag and 2.39% Pb respectively. Further exploration will be carried out to evaluate mineralization potential along strike and in the hanging wall rocks where gold mineralization was detected.
3. Xiaodonggou and Sanhewan:

- a) Xiaodonggou Pb-Zn-Ag Occurrence: Mineralization occurred in fissures developed in sericite schist. The fissures are 0.02 to 0.5m in width and tens of centimetres to several meters in length. Glaucohalite sphalerite

and galena, spotty pyrite filled in some of these fissures. 14 channel samples were collected and 4 of these samples contain 0.15% to 0.74% Pb, 0.14% to 2.14% Zn.

- b) *Sanhewan Pb-Zn Occurrence*: Sanhewan is the west extension of the Xiaodonggou occurrence. A 2m-wide alteration zone was observed and 12 chip samples were collected. 4 samples contain 0.48% to 0.56% Pb and 0.41% to 0.87% Zn.

Both Xiaodonggou and Sanhewan occurrences are located at the east extension of the regional Au-Ag mineralization zone. Two gold deposits are located at 5km and 9km west respectively at the zone.

Reconnaissance investigation and sampling have been restricted in surface observation and sampling of the observable mineralization outcrops.

Detailed surface mapping and investigation on the available artisan adits were conducted in October and November 2008 in Sanchawan and Xiaodonggou area. A grid soil sampling program was carried over the significant gold anomalies in early December in the Caopingshan area.

### ***Regional Target Generation***

In March 2008 Minco's field crew commenced reconnaissance work at Henjiawan which is geologically similar to the Anba deposit. Work consisted of mapping, trenching and sampling. A structural and alteration zone was identified and 54 chip samples collected and the best results are 0.58, 0.42, 0.36, 0.89, 0.21 and 0.36 g/t Au. The gold mineralization is mainly associated with dark grey phyllite and granite dykes. Trenching was conducted in April 2008 and 46 channel samples were collected. Assay data returned from channel samples ranges from 0.01 to 0.02g/t Au.

Reconnaissance investigation at the Yejiaba area has been conducted on the extension zones of an adjacent known gold deposit. 45 line kilometres was investigated and 103 chip samples were collected. Gold mineralization was identified in the structurally fractured zones extended from the known deposit. Chip samples from the 3-5cm wide veinlets returned 0.58 to 24.6g/t Au. Four trenches were dug. Mineralization zone of 5m in width was delineated in one of the trenches with grade from 0.2 to 0.58g/t.

Regional reconnaissance investigation for exploration target generation was conducted in November and early December over the major multi-element anomalies associated with favourable geological and structural features in the Yangshan and the Yejiaba sub-project areas. The recent reconnaissance program has resulted in the following discoveries:

1. *Gouzikou Gold Occurrence, Oujiaba Permit, and Yangshan Sub-project*: A 50m-wide EW-trending structural zone was discovered in the favourable Devonian lithological unit. 7 un-continuous samples from the 47 channel samples across the structural zone returned gold values 0.22, 0.15, 0.44, 0.15, 1.19, 0.46 and 0.21g/t Au respectively.
2. *Fujiwan Gold Occurrence, Shajinba Permit, and Yejiaba Sub-project*: A 1-2m zone was identified at the contact zone between a granite porphyry dyke and the Carboniferous phyllite. Five chip samples from outcrops returned gold values 3.91, 2.87, 4.29, 3.11 and 1.21g/t Au.
3. *Shajinba Antimony Occurrence, Shajinba Permit, and Yejiaba Sub-project*: Mineralization was observed at the contact zone between thick limestone and slate.
4. *Madigou Gossan Zone, Yejiaba Permit, and Yejiaba Sub-project*: A gossan zone was discovered at the contact zone between Silurian slate and Carboniferous limestone. Peak values of 0.13-0.3g/t Au were detected in previous soil samples nearby.
5. *Regular Occurrences, Weiziping Permit, and Yejiaba Sub-project*: By talking with local people, it is known that there has been a regular mining activity at the northern part of the Weiziping permit since ancient time.

### **III. YANGSHAN GOLD BELT – WEST EXTENSION PROPERTIES**

The Cooperation Agreement with No. 2 Exploration Institute of the Gansu Bureau of Geological Exploration (“GBGE”) for the exploration and development of mineral resources also in Gansu Province of China expired by the end of 2007.

GBGE repaid Minco China 1.3 million RMB and the 13 permits Minco China took in trust for the JV remained with Minco China. One permit has been given up, the other 12 permits now belong 100% to Minco China.

The cooperation agreement was terminated in 2007.

#### **IV. ANBA PROPERTY**

Gansu Keyin Mining Co. Ltd. and Minco Gold’s joint venture (“Keyin”), signed a joint venture agreement in principal with the Gansu provincial government and two other companies in October 2003 for the exploration and development of the Anba gold property in the Yangshan gold field (the “YGM JV”). Under the agreement, Keyin can earn 40% interest in the YGM JV through investment of approximately \$3.5 million over five years. The exploration permit for the Anba gold property, which expired in June 2006, is in the process of being extended and will then, be transferred to the YGM JV once the definitive joint venture contract has been signed and all requisite approvals for the registration of the joint venture have been obtained. The YGM JV has applied for a business license.

In April 2004, the board of directors of the YGM JV agreed to pay 3 million RMB (approximately \$440,000) to Lan Zhou Qun Ying Ltd. (“Qun Ying”) so that it might prepare for the transfer of the exploration permit to the YGM JV. Keyin and its Chinese partners each contributed 1.5 million RMB (approximately \$220,000) towards this end. If Qun Ying could not fulfill the duties within six months, the 3 million RMB was to be returned to the YGM JV. Qun Ying was unable to fulfill all the required duties and the YGM JV has authorized other persons to continue the work for the exploration permit transfer. The YGM JV has also demanded the return of the 3 million RMB advanced to Qun Ying. Of this amount, 1,500,000 RMB (approximately \$220,000), representing Keyin’s portion, is recorded as a receivable in the Company’s consolidated accounts.

Total expenditures funded by the Company on the Anba gold property from inception to December 31, 2007 were \$490,422 and from the inception to December 31, 2006 were \$477,481.

This entire project was terminated in 2007.

#### **V. BYC GOLD PROPERTY**

On November 18, 2002, the Company entered into an agreement with the Inner Mongolian Bureau of Non-Ferrous Metals and Exploration, the license holder of the BYC gold project, to acquire a majority interest in the BYC gold project located in central Inner Mongolia, China. In July 2003, the Company and the Inner Mongolia Bureau of Non-Ferrous Metal Exploration formed the Inner Mongolia Huayu-Minco Mining Co. Ltd. to explore and develop the BYC gold project. In October 2003, the Company entered into a joint venture with New Cantech Ventures Inc. (“New Cantech”). In 2003, Minco Gold entered into a letter agreement with New Cantech whereby New Cantech acquired two options to acquire up to a 60% interest in Minco Gold’s BYC Gold project in Inner Mongolia, China.

The first option is exercisable to acquire a 51% interest in the BYC property by issuing 500,000 common shares in the capital stock of New Cantech and by spending \$2.4 million in exploration over three years.

The agreement was amended in March 2004 and in April 2005 so that New Cantech could exercise the first option by issuing to Minco Gold 500,000 common shares in the capital stock of New Cantech and by incurring a total of 12 million RMB (approximately \$1.76 million) in three installments as follows:

- 1) 2 million RMB (approximately \$294,000) on or before March 22, 2005, which has been completed;
- 2) 4 million RMB (approximately \$588,000) on or before March 22, 2006 of which \$487,588 had been advanced as of March 13, 2006; and
- 3) 6 million RMB (approximately \$881,000) on or before March 22, 2007.

The second option is exercisable to acquire a further 9% interest in the property by bringing the project to pre-feasibility stage. The BYC project has all permits necessary to pursue exploration on this property. Pursuant to the letter agreement, New Cantech has issued common shares of New Cantech to Minco Gold as follows:

- September 2005 – 50,000 common shares at \$0.30 per share for \$15,000;
- May 2005 - 100,000 common shares at \$0.21 per share for \$21,000; and
- Year ended December 31, 2004 - 250,000 common shares at \$0.34 per share for a value of \$85,000 and 100,000 common shares at \$0.37 per share for a value of \$37,000.

This large property covers approximately 100 individual gold showings related to shear-hosted fracture systems within or peripheral to an elongate granite intrusion. The focus of recent exploration has been the “North Zone”, which is located on the north-west contact of the granite intrusion. Illegal local miners had removed approximately 400,000 tonnes of near surface oxide ore before being expelled by authorities. In New Cantech’s program, six diamond drill holes were drilled in 2004 aggregating 1,434.5 metres in the North Zone and its north-east projections. Geological mapping, trenching and sampling was completed in 2004 and 2005 to supplement diamond drilling information and contribute to understanding controls on mineralization. A diamond drill program consisting of 1,500 metres was initiated in Q4 of 2005. This program tested new areas of mineralization exposed by illegal mining activity and follow-up on intersections from previous drilling. Assays were pending as of year end. On August 20, 2007, Inner Mongolia Huayu Minco Mining Co., Ltd. renewed two Reconnaissance Survey Exploration Permits from the Ministry of Land and Resources of China on the properties as follows:

- a) Houxiaonuqi gold property in Wulateqianqi of Inner Mongolia (Permit No. 0100000730295 expiring April 7, 2009); and
- b) Dongwufenzi gold property in Wulateqianqi of Inner Mongolia (Permit No. 0100000730294 expiring April 7, 2009).

Total expenditures funded by the Company from inception to December 31, 2008 were \$ (from inception to December 31, 2007 – \$8,695,535). On October 3, 2006, the Company and New Cantech entered into a termination agreement, therefore as of the date of this Annual Information Form New Cantech has no interest in the property.

As of July 18, 2008 the Company made the decision to sell its interest in the HYMK JV as the Company believes that the potential for a significant discovery is limited and agreed to transfer its interest in the HYMK JV to Long Da Fu (Beijing) Investment Co. Ltd. for a total of RMB 7.0 million (approximately \$1.0 million). The transaction was completed in December 2008 and the final installment on the sale proceeds received subsequent to year end.

#### *Property Description and Location*

The BYC gold project is located at the central section of the north margin of the North China Platform and the eastward extension of the well-known Tianshan metallogenic zone in China. The zone hosted several important gold-producing regions in North China and extends to the famous gold metallogenic zone in the former Soviet Union republics where several world-class gold deposits have been developed. The project area is about 50 kilometres northwest of Baotou, the largest rare-earth producing city in the world, and very close to a railroad that connects to the national railway system. The original discovery of gold was made in late 1980s by follow-up of a regional geochemical gold anomaly that covered an area of more than 100 square kilometres. More than 100 surface gold showings were delineated in an area 12 kilometres long and 3 kilometres wide.

Some of the showings returned very high values. Like many areas of new gold discoveries this triggered the widespread illegal artisanal mining activities for the surficial portions of the gold showings over the entire area. Recently, all the illegal mining activities at BYC gold project were banned by the government as a nationwide law enforcement program.

### *Geological Setting*

The BYC gold project occurrence is a structurally controlled shear hosted auriferous vein system, which develops at or near the contact of a Mesozoic granodiorite with early Proterozoic sedimentary and volcanic rocks. All principal-mineralized zones on BYC concession are either shear hosted or extensional veins. Most of these structures are located within well-formed planar brittle-ductile shear zones with very good surface continuity. Based on the distribution of the auriferous veins at surface, at least four major structural and auriferous zones are identified with strike lengths ranging from 700 metres to more than 1,500 metres. The grade of auriferous veins occurred in the Proterozoic sedimentary and volcanic sequence are generally from 1 gram per tonne to 8 grams per tonne gold. Higher grades were detected where the auriferous veins occurred in the granodiorite intrusions (the inner contact zone) with significant values as high as 71 grams per tonne gold over 9 metres and 14.5 grams per tonne gold over 4 metres.

### *2004 Exploration Program*

During 2004, exploration focused on two gold zones outlined in previous programs. In July 2004, New Cantech conducted an exploration program under the supervision of Mr. Folk. Work consisted of drilling, geophysics, geochemical soil sampling, surface trenching, and geological mapping over the property, which has in excess of 100 gold showings. A magnetic survey was completed over the North Zone and new trenches were dug across the zone. Sampling was initiated in a newly discovered gold zone 1.5 kilometres north east of the North Zone and on the same structural trend, where local miners have been active. A total of 1,434.5 metres of drilling were completed in six holes. Fire assays received for holes 1, 2, 4, 5 and 6 had the following significant intervals:

<b>HOLE #</b>	<b>DIP</b>	<b>LENGTH</b>	<b>FROM (M)</b>	<b>TO (M)</b>	<b>INTERVAL (M)</b>	<b>GEOCHEM ASSAY ppb Au</b>	<b>FIRE ASSAY Gm/t Au</b>
1	-47	294.5	132.5	285.2	152.7	682	0.633
Includes			132.5	159.4	26.9	737	0.947
2	-66	240	58.7	71.4	12.7	365	1.12
4	-47	321	241.8	292.4	50.6	522	1.01
Includes			246.5	274.6	28.1	706	1.54
Plus			317	318.5	1.5	1448	4.92
5	-47	252	61.2	73.5	12.3	488	0.34
Plus			97.1	98.6	1.5	1304	1.36
6	-50	147	70.0	71.7	1.7	146.0	38.08
Plus			97.7	99.2	1.5	54210	73.70 (*)

(\*) Average of two fire assays.

Hole 2 was drilled below the plunge of the mineralized zone. True widths have not been determined at this stage.

Gold-bearing low-sulfide, shear and tension related quartz veins occur where a zone of regional shearing cross-cuts irregular bodies of K-spar rich Mesozoic granite of the North Zone. The area of interest represents the northeasterly extension of a historical mining zone. Drilling, core logging and sample splitting were done under the supervision of Mr. Folk. The intervals reported consist of NQ-2 and BQ core sizes which were split by diamond saw under close supervision.

Samples were stored in a secure, locked storage area and then transported by company truck to Baotou, Inner Mongolia. The samples were then shipped by train to the Institute of Geophysical and Geochemical Exploration in Langfang, Hebei Province which performed sample preparation and geochemical analyses.

This laboratory is certified by the China National Accreditation of Registrars to be International Organization for Standardization ("ISO") 9001:2000 compliant. Prepared pulps of the same samples were then sent to The Sub-Institute of Analytical Chemistry, Beijing General Research Institute of Mining and Metallurgy in Beijing. Fire assaying of the samples using standard techniques was then performed and have been reported above. This laboratory has been assessed by the China National Accreditation Board for Laboratories and found to be compliant using standards identical to ISO requirements. Both of the above laboratories were examined by Mr. Folk and were found to be similar to accredited assay laboratories in Canada.

#### *2005 Exploration Program*

The program in 2005 consisted of a compilation of all available data for the North Zone and test drilling for the 2,000m mineralization zone. Approximately 1,500m of drilling was completed along the northeast strike extent of the North Zone to better define grade and geometry of this extensive gold bearing area. In the four holes drilled in 2005, three of them intersected the 100m-300m wide shearing zone which hosts gold mineralization within the altered and sheared granite in the north zone. Eight gold mineralization zones were intersected within the wide shear zone, and individual gold zone is generally from 1.4 to 4.7m in width and contains 1 to 10.46g/t gold. It is confirmed that the gold mineralization within the shear zone extended for more than 2,000m along strike at both surface and depth.

#### *2006 Exploration Program*

The drilling program in 2005 was successful in confirming the continuity of the gold-bearing structure extending northeast from the area of old mine workings that was drill-tested in 2004. During the year, New Cantech advised that due to other project development programs that it would withdraw from the BYC Project.

#### *2007 Exploration Program*

The two exploration permits are in good standing and will expire on April 7, 2009. The Company will be seeking a joint venture partner for the BYC Project.

A systematic sampling and mapping program on the previously abandoned mining pits within the exploration permit was carried out by Minco geologists in July 2007. A detailed discovery-oriented study on structural geology of the property was conducted by a consulting structural geologist in September 2007.

## **VI. GOBI GOLD PROPERTY**

The Company acquired its earn-in rights to the Gobi gold project, located in western Inner Mongolia in the south Gobi Desert, China, in 1999. The Company has the right to acquire a 75% equity interest in Damo Mining Co. Ltd., who was assigned the licenses on the project, by spending approximately US\$2,500,000 on exploration and development over four years.

Total expenditures funded by the Company from inception to December 31, 2008 were \$1,983,542 as compared to December 31, 2007, \$1,713,010. The Company has earned a 74% project interest as at December 31, 2008.

During 1998 a regional exploration and property evaluation was carried out in Inner Mongolia on the Gobi gold project culminating in the joint venture agreement in 1999 between the Company and the Exploration Institute of Land and Resources of Inner Mongolia ("EILR"). In 1999, the Company and EILR created Inner Mongolia Damo Mining Co. Ltd., a fully-licensed Sino-foreign co-operative joint venture ("Damo Mining"), to explore for metallic mineral deposits within the Inner Mongolia Autonomous Region. Initially, Damo Mining will focus on exploring its existing license holding that covers 550 square kilometres. The Damo Mining joint venture agreement allows the Company to earn up to a 75% interest in joint venture by spending US\$2.5 million on exploration on the Gobi gold



project over four years. In the event the Company does not spend the specified amounts, its interest in the joint venture agreement may be subject to being capped by a predetermined formula as set out in the joint venture agreement.

### ***Inner Mongolia Damo Mining Co., Ltd.***

Damo Mining was formed in 1999 and operates pursuant to a Sino-foreign co-operative joint venture contract between EILR and the Company. Under the terms of the joint venture contract, Damo Mining's board of directors consists of seven directors of which the Company has the right to select four directors, including the chairman. The Company has selected Messrs. Ken Cai, Sunzhaojun Huqiufeng and Ruijin Jiang as its representatives. EILR has the right to select the remaining three directors. Due to the Company's majority ownership and majority representatives on Damo Mining's board, the Company controls Damo Mining's operations in the ordinary course of business. However, the following transactions by Damo Mining require the unanimous approval by its board: (i) terminating or dissolving Damo Mining; (ii) selling or mortgaging assets that have a value of 10% of Damo Mining's assets; (iii) increasing or decreasing Damo Mining's registered capital; (iv) borrowing by Damo Mining; (v) merging Damo Mining; (vi) guaranteeing on behalf of Damo Mining; and (vii) establishing organizations under the board.

### ***Property Description and Location***

The Gobi gold project is located in the Gobi Desert of western Inner Mongolia, approximately 300 kilometres north of Yinchuan, the capital city of the neighboring Ningxia Province, and 900 kilometres northwest of Beijing. The Gobi gold project is situated along the eastern extension of the Tian Shan Gold Belt, which hosts important deposits in Uzbekistan and Kyrgystan to the west. World-class, sediment-hosted gold deposits occurring in the Tian Shan Gold Belt include Murantau with a resource of 140 million ounces gold (site of the Newmont Dump-Leach Project), Kalmakya with 26 million ounces gold and 13 million tons of copper, and Kumtor with 13 million ounces gold which is a Centerra Gold operated mine. The Gobi gold Project is the culmination of a series of regional exploration programs undertaken by the EILR. EILR carried out a broad program of stream and drainage sampling. This program highlighted several areas with gold concentrations some of which were followed up by mapping, prospecting and more closely spaced geochemical sampling.

### ***Geological Setting***

The Company believes that the potential for discovering more extensive, near surface skarn mineralization is good, given the limited exploration that has taken place beyond the surficial oxide zones. An initial program of detailed ground magnetic surveys combined with geological mapping was completed to give better resolution of features controlling mineralization. Other prospects identified in the license blocks from regional geochemical surveys have had limited to no follow-up work. Known mineralization is developed in calcareous sedimentary units and proximal to small felsic intrusions. Field examination of two prospects visited in 1999 showed features indicative of skarn style mineralization.

The 2000 exploration program involved ground magnetic surveys and geological mapping over the two identified skarn prospects to establish drill targets. Field-checks of the remaining geochemical anomalies were conducted. The 2002 drill program tested results from previous exploration programs and 2003 fieldwork involved more drilling on the most favorable targets. Total expenditures from inception to December 31, 2007, funded by the Company were \$1,713,010, as compared to December 31, 2006 \$1,498,691.

### ***Exploration and Development Operations***

#### ***2000-2003 Exploration Programs***

The 2000 exploration program involved ground magnetic survey, structure-geochemical sampling and geological mapping over the two identified skarn prospects, the Zhulazhaga and the Haishenghari areas, to establish drill

targets. Most of the geochemical samples over the host rock unit contain 0.5-40g/t Au and extremely anomalous arsenic and antimony. Favorable exploration targets were delineated according to geology, structure geology, geochemistry and geophysics.

The 2002 drill program tested resulted in the exploration targets delineated with geophysical and geochemical anomalies from previous exploration programs. A new type of gold mineralization, the skarn gold mineralization, was intersected at the contact zone between the Proterozoic marble and the diorite dyke when testing the strongest magnetic anomaly M2 to the southeast of the known Zhula mineralization. A new parallel mineralization zone was discovered at the south of the known Zhula mineralization zone by surface trenching.

2003 fieldwork involved more drilling over the new mineralization zone south of the known Zhula mine. The strike and dip extensions of the new zone were traced.

#### *2007-2008 Exploration Programs*

In 2007, trenching and drilling were conducted to trace the west extension of the known gold mineralization zone which extends to Gobi exploration permit from the known Zhula Gold Mine. Multilayer mineralization zones were intersected in all the five completed holes. Width of each individual zone is from 1m to more than 20m and grade of gold is from 0.6g/t to 2.45 g/t.

In May 2008, field programs were commenced. Exploration was focused on investigation of the surface distribution of the various-sized auriferous veins in the northeast extension area of the Zhula Mine. Trenching, channel sampling and chip sampling were conducted over geologically favorable areas and magnetic anomalies. A total of 165 samples were collected from trenches, abandoned mining pits and surface traverse lines, including 105 channel samples and 60 chip samples. Two parallel mineralization zones were identified between M8 and M9 magnetic anomalies. The two veins are 200-300m in length and 1-3m in width with gold grades of 1.05g/t and 1.47g/t in two trenches. Reprocessing of all the available raw data from previous IP programs will be arranged to further delineate and define any potential targets.

#### *Environmental Considerations*

The exploration activities proposed for the Gobi gold project, including potential drill testing of new anomalies, will result in little surface disturbance, and standard reclamation procedures will be used for areas such as trenches or drill pads. The Company does not believe that there will be any potential environmental liability arising from these activities.

### **VII. JINNIUSHAN GOLD PROJECT** **(Gold Bull Mountain Project)**

On November 14, 2006 the Company announced that its wholly-owned subsidiary, Minco Mining (China) Co., Ltd. ("Minco China") had acquired a mining license on the Jinniushan Gold Mine (Gold Bull Mountain), covering 0.18 km<sup>2</sup>, and an exploration permit (16.68 km<sup>2</sup>), covering the strike extension of the Jinniushan Gold Mine. Total consideration for the acquisition of the mining license and the exploration permit was approximately US\$1 million. The Company at the time of the announcement was in its final stage of the due diligence on the project and the acquisition is subject to regulatory approval. Minco China has incorporated a local operation subsidiary in Hunan and the Gold Bull Mountain mining licenses were transferred to its subsidiary.

The 16.86 km<sup>2</sup> GBM gold project covers most part of the Jinniushan gold mineralization belt which extends for more than 15 kilometers and is recognizable with the distribution of abandoned artisan mining adits and tunnels. The Gold Bull Mountain mining license is located in the middle of the belt. High grade quartz-vein style gold mineralization is hosted in the late Proterozoic sandy slate characterized with obvious silification, seritization and pyritization. The Company commissioned the preparation of a NI 43-101 report on the Jinniushan Gold Project.

The technical report dated December 28, 2006 was prepared by Peter G. Folk, P. Eng., of 280 Wood Dale Drive, Comp. 47, Site 21, Mayne Island, B.C., Canada, V0N 2J2.

The technical report was prepared under the guidelines of Canadian National Instrument 43-101. The Company filed the Updated 43-101 technical report on January 3, 2007 via SEDAR. Peter G. Folk has consented to the inclusion of this information and has authorized the relevant contents. The information below is from the December 28, 2006 Technical Report.

### *Summary*

The Jinniushan gold project, located in the western part of Hunan Province in the People's Republic of China, consists of a 0.178 km<sup>2</sup> mining permit and a contiguous 16.78 km<sup>2</sup> exploration permit along strike. These permits have been acquired by a wholly-owned Chinese subsidiary of the Company for a total consideration of about CDN\$1,210,000 (which includes a Mining License and exploration permits) and have been transferred into a local subsidiary in Hunan Province. The area under Minco control represents a portion of an historical mining district, which has been in periodic production utilizing small-scale artisanal methods since before the formation of the modern China in 1949. Gold-quartz mineralization occurs primarily within reverse-brittle-ductile-shear veins in a compressive environment within Proterozoic sedimentary rocks. Most of these dip to the southeast parallel to a nearby mapped thrust fault which occupies the contact between Proterozoic and Cretaceous to Tertiary sandy sediments.

The project has some geological similarities (age and type of host rocks and similar structural regime) to an important, deep Au-Sb-W underground mine about 6 km to the southeast but the Jinniushan area lacks Sb and W. To date Minco has re-opened, surveyed, mapped and sampled accessible portions of the primary historical underground mine on the acquired mining permit.

This work has identified accessible areas within the mine that warrant further exploration and development. Since it appears that the upper portions of the mine have been mined out, the future of the mine depends upon exploration down-dip. At the time of writing a program to evaluate the multitude of mine works, trenches and adits on the exploration permit had just started. Work to date has shown the presence of significant gold values which, however, contain within the assay distribution a significant "nugget effect" which will have to be contended with by careful sampling and fire assaying. A surface program to evaluate the potential of the contiguous exploration permit complements a recommended program of underground development and drilling on the mining permit. A two-stage budget of \$1,677,000 is proposed with the first phase totaling \$600,000.

### *Property Description and Location*

Through a 100% owned subsidiary, the Company has purchased, in eastern Hunan Province, China, a 0.178 km<sup>2</sup> mining permit and a contiguous 16.78 km<sup>2</sup> exploration permit along strike. The mining permit is located at 110° 40' 15" east longitude and 28° 38' 15" north latitude, 40 km from the county seat of Yuanling. The mining permit was transferred to the Minco subsidiary from the former state-owned Jinniushan Gold Mine and the exploration permit was acquired by taking over a private company. Both permits are valid until mid-2009 and renewable thereafter. Annual fees, relating to the area of the permits held, are less than \$2,500 per year. The law requires local compensation for temporary use of land for mining and exploration purposes; however, habitations and land under cultivation form only a small part of the whole area and are not considered to present a significant liability. A China Compensation Fee on gold mined is 2% of net smelter revenue.

The mining permit is completely surrounded by the exploration permit and is defined by surveyed coordinates. Exploration permits in China are "paper staked" and can be defined by hand-held GPS units. A map showing permit boundaries and known mining works (adits and trenches). Being small underground mine workings of limited extent, the environmental liabilities that have been created by the various mining works are, in a Chinese context, not considered to be significant. On exploration permits, the local (county) government is to be informed when work is to start and is in charge of some dealings with the local citizens. For example at Jinniushan the local

county government must deal with a small group of “illegal” miners said to be operating within the permit area. Allowed underground work has been in progress for some time within the mining permit.

### *Accessibility, Climate, Local Resources Infrastructure and Physiography*

The location is well situated along a large man-made hydroelectric reservoir and is accessible by road and by lake-boat. Hydroelectric power, telephone lines, cell-phone service, labor, goods and services are available nearby. The climate is sub-tropical and the topography is hilly with elevations ranging from 92 to 232 m above sea level. Vegetation, where not tamed by agricultural terraces, is thick and bushy. All manner of exploration and mining work can be conducted on a year-round basis. Surface rights have been sufficient for the operation of the small historical mines, which have operated in the area and are not considered to present a significant problem. Expanded operations in the case that larger deposits are discovered will require the establishment of tailings areas without connection to the lake. Insofar as there are few habitations (except along the lake) and no significant villages in the area under discussion the placement of larger scale tailings and plant sites should present no unusual difficulties.

### *History*

The mining history of the area is similar to many other places in China in which uncontrolled mining has taken place (and continues to take place in some areas) with little regard for health and safety, environment, proper land use etc. The mining permit and on-strike portions of the exploration permit were actively mined for gold (both placer gold and hard rock mines) in the period before 1949 when communist China was established, private enterprises were confiscated, and the mines were closed.

Only on the mining permit area was this work well organized, although mine plans, surveys and production figures have been lost. When international gold prices increased in the 1970's hand mining at various locations resumed to be largely replaced by small local government operations at three locations in the 1980's. In 1993, the local hydroelectric dam was completed and some of the historical mining areas were flooded. In 2001 and 2004, the Federal Chinese government, in an attempt to bring some regulation and safety to gold mining, decreed the closure of two of the existing small (illegal) mines. Production within the remaining mining permit stopped last year as part of a re-organization.

There are unconfirmed rumors that illegal hand miners are still operating in the area of the exploration permit. In the history of the permit areas there has never been organized large or medium-scale mining. Only the crudest of recovery methods using small crushers, gravity devices, cyanide ponds and mercury were utilized. If records were ever kept, they have been lost. Except for the active mining permit area, mine maps and engineering records do not exist. Production figures are not known. No drilling or other modern exploration techniques (geochemistry, geophysics, etc.) have ever been undertaken in the area. On the exploration permit, to the northeast of the mining permit a group of mines was examined in 1992 by a geological unit of the Provincial Government. Unfortunately, most of the results of this work are not available and, in any case, the most interesting zone, along about 900 m of strike length, became submerged when the hydroelectric reservoir was completed in 1993.

## ***Geological Setting***

### *Regional and Local Geology*

The area of interest occurs within Paleozoic rocks of the South China Plate in unconformable and faulted contact with younger Cretaceous sediments. A strong element of NW-SE compression is evident with abundant NE-SW fold axes and reverse faults striking in the same direction. This is consistent with modern GPS observations, which show that entire area is moving to the southeast at a rate slightly less than 5 cm/year. The geology of the region is divided into low-grade metamorphically altered:

- Cretaceous to Tertiary sediments comprising sandstone, shale and coal seams (K and K-E).
- Small remnants of Devonian-Permian sediments (D-P).
- Precambrian (Sinian or Late Proterozoic) to Silurian sandstone and slate or shale (Z-S).
- Proterozoic sediments comprising slate, sandstone and siltstone (Pt1 and Pt2).

The Jinniushan Project has similarities to the Xiangxi (also called Woxi) Sb-Au-W underground mine, about 6 km to the southeast, which has reached over 1,000 m below surface and has been mined for over 100 years. The mine is the second largest Sb producer in China (Qinglin, Xie et al). It has been classed as a “Carlin type” deposit (Li and Peters, 1998) and contains native gold, stibnite, tungstite, pyrite, arsenopyrite and aurotite. Structurally the mineralization is found in shoots within reverse faults in Middle Proterozoic slates (RSG Global, 2006). Although the structural setting is similar to that at the Jinniushan Project, geochemically the two are very different with no significant stibnite or tungsten minerals noted at Jinniushan.

### *Property Geology*

Predominantly shear-hosted gold-quartz mineralization occurs in Proterozoic sandstones, and shales, which have undergone NW-SE compression. The Proterozoic sequence is unconformably overlain by Cretaceous to Tertiary purplish sandy sediments and forms the central unit of a NE-SW trending anticline. The southern contact between the two formations has been mapped as a thrust fault. Gold mineralization is associated with brittle-ductile shears with a reverse sense of movement similar in form to the mapped thrust fault.

Shallow dipping tension veins splay off the shear veins, usually in the footwall. The gold-quartz mineralization seen so far is entirely structurally controlled and the mineralizing fluids have barely affected the wall rocks. The veins contain few examples of open space filling but rather appear to be of a deeply seated type containing ribbon structures consisting of alternating bands of country rock and vein quartz. It appears that the shearing event within which the quartz veins were emplaced continued after the main mineralizing event to form re-sheared and brecciated veins. Minor iron carbonate and sericitic wall rock alteration have been noted.

### *Deposit Types*

Similar to the geometry of a mapped thrust fault are southeast variably dipping (usually about  $-50^{\circ}$ ) quartz-pyrite (minor Pb, Zn, As) veins which have been emplaced within reverse-movement shears. A secondary set of conjugate northwest dipping reverse shears is also present along with a flat set of quartz-filled tension fractures usually splaying off into the footwall. In detail, the vein system is complex, but the main elements of the system, which have been emplaced under the effects of NW-SE compression, can be shown in the simple diagram below. Theoretically, in this type of stress regime the individual mineralized ore shoots would likely have a strong horizontal trend. Veins contain very little evidence of open-space filling and do not have banded epithermal characteristics. Rather, white quartz veins containing ribbon structures and shearing which approaches the brittle-ductile provenance suggest a mesothermal setting.

The main focus of historical mining and of recent work has been on the set of shear veins located on the Mining Permit, however an additional six km of strike length is indicated to be prospective by the occurrence of numerous trenches and at least 17 small mine adits which are shown on existing maps. Known shear veins average about 0.7 m in thickness, but there are locations where shear veins come close together and the intervening wall rock becomes permeated with tension veins. In these cases much wider, but irregularly shaped, mineralized stockwork bodies may be formed. Although presently there is no indication of disseminated mineralization, there could arise, through combinations of structures and naturally permeable sandstone host-rocks, a situation where low-grade bulk-mineable mineralization may be encountered. This aspect should also be explored.

### *Mineralization*

The central part of the mine is developed on at least three separate, but related shear veins across a horizontal width of about 60 metres. The strike length of the main portion of the mine is about 350 metres. Most of the vein material above the primary access levels has been mined out and some material has been mined below these levels by means of declines. The future of the mine is downwards. Although the declines are well below the level of the man-made lake, the mine is almost completely dry (from a mining point of view the presence of the lake will require some engineering care, however this is well understood by the technical people involved).

At the current level of knowledge there is no reason to think that the mineralization will not go to considerable depth. Also, although the shear-veins cross cut local lithologies, there may eventually be found to be some lithological control to the mineralization. Where shear veins come close together the intervening space can become riddled with tension veins leading to the supposition that there may be sections of the mine where the narrow-vein, open-stope mining utilized in the past may be replaced by larger scale mining techniques.

### *Exploration*

Before involvement by the Company, there was little organized exploration activity. Tracked mining using open-stope methods took place at a rate of a few tonnes per day on the mining permit and have occurred at lesser scales (even perhaps to the present day) at other locations on the exploration permit. Prior engineering and geological control and proper documentation of the mining works are unknown. Ore processing consisted of small electric crushers, gravity separation, cyanidation in concrete ponds and some amalgamation by mercury. The processing machinery has been removed, leaving crude foundations behind. Neither the large quantities of waste-rock that were taken out of the mine, nor processed tailings are apparent and the author concludes that this material has gone into the lake.

Work done by the professional staff of Minco since the end of August, 2006 has consisted of underground surveying, mapping and sampling of accessible portions of the mine on the mining permit. To date 71 channel samples have been taken within the mine and these are set out on the Company’s website.

The preliminary results serve to show that gold in economically interesting quantities occurs in several veins within the central area of the mine. The total strike length in which the best assays occur is about 350 metres. A program of duplicate assays has been carried out whereby the sample rejects were sent to Process Research Associates Ltd in Yunnan for re-assay by fire assay techniques. Each sample was fire assayed three to four times in Yunnan and the average results are shown on Table 1 shown above. Also shown on the same table are the author’s check sample results, which were taken at exactly the same locations as the prior samples. These seven samples were analyzed by metallic screen analysis and fire assay at Acme Analytical Laboratories in Vancouver, British Columbia. The table clearly shows that a strong “nugget effect” is present which affects the repeatability of results.

### *Nugget Effect*

Because coarse gold has been reported in the mine the author requested that his samples be analyzed by “metallic screen analysis” and fire assay, which would be considered to be the most accurate assay method for samples with a strong “nugget effect”.

A cursory analysis of Table 1 shows a strong variation in gold values when the same sites are re-sampled—samples initially with high assays can be re-sampled with very low results and the opposite is also true. This problem is often encountered in gold mining and can be illustrated by examining the metallic screen analyses shown in the table below.

SAMPLE	Sample.Wt Gm	CoarseAu Mg	Fine Assay gm/mt	TotAu gm/mt
#1-14A	506	<.01	0.12	0.12

#2-01A	505	29.78	64.6	123.57
#2-02A	503	7.02	17.31	31.27
#2-05A	498	9.16	22.09	40.48
#3-05A	505	9.16	13.47	31.61
#3-07A	497	5.77	11.74	23.35
#3-09A	495	0.07	0.09	0.23

Table 2. Metallic Screen Analysis from the author's seven check samples.

In this technique, approximately 500 grams are pulverized and passed through a -150 mesh screen. The fine fraction and coarse fractions are fire assayed separately and the results are combined. The above table shows that approximately 50% of the gold is in the form of coarse nuggets (greater than -150 mesh size). Practically, a strong "nugget effect" means that each individual sample has a low confidence level, and that to prove a gold resource will be more than usually difficult. In cases such as this, drilling can be used to define the geometry of the various veins; however it may be necessary, especially until experience is gained, to use underground drifting and sampling to prove-up the gold resource.

### *Geochemistry*

Peter G. Folk had seven check samples also analyzed for 32 elements by ICP. Results No other elements are present in economic concentrations and only Pb occurs in what might be considered to be weakly anomalous quantities. Although seven samples is not statistically sufficient to come to a firm conclusion, the data may indicate that there is a negative correlation between Au and Ca, i.e. the more calcium that occurs in the sample, the weaker is the gold result. In practical terms the negative correlation between Au and Ca may (if further work confirms the effect) yield a geochemical tool to help determine the validity of gold analyses, i.e. a high gold assay which also contains high Ca may be suspect. It is likely that the element Ca noted in the data occurs in a calcium carbonate mineral therefore indicating a common mineralogical zonation whereby carbonates occur as a halo around a precious-metal-silicate core zone. Further geochemical work and careful examinations underground should be undertaken to determine if these noted effects are actually present and can become useful exploration tools.

### *Recommendation made to The Company by Peter G. Folk*

In Mr. Folk's opinion the character of the property is of sufficient merit to justify the following recommended program of work. A staged program is envisaged whereby a second phase composed primarily of drilling from surface and underground development depends on the first phase of underground development and underground drilling on the mining permit, and surficial examinations over the area of the exploration permit.

### **PHASE 1**

#### Mining Permit

1. A program of 440 m of underground development is recommended to expose large sections of prospective veins for sampling and to provide material for metallurgical testing.
2. A program of 1,950 m of underground drilling is to follow the underground development.
3. Preliminary metallurgical testing should be undertaken.

#### Exploration Permit

1. The entire exploration permit needs to be examined and all of the mine openings, trenches, and prospect pits should be identified, mapped, sampled and defined with GPS coordinates.
2. The most interesting mine workings should be rehabilitated and the workings mapped and sampled.
3. Geological mapping should be undertaken over the entire permit.

4. Soil geochemistry should be undertaken on widely-spaced lines.

**PHASE 2** (Contingent on the results of Phase 1)

Contingent on Phase 1 results, a phase 2 project would be concerned with diamond drilling targets defined in the Phase 1 surface program and would include further underground development utilizing a shallow shaft to access areas down dip of the known veins on the mining permit. Further metallurgical testing would be done as would preliminary environmental and engineering studies. With positive results the end of the Phase 2 program would see the calculation of a gold resource and the project would be at a pre-feasibility stage.

**Budget**

It is the nature of mineral exploration that it is impossible to exactly predict what the results, best methods and expenditures will be, these being entirely dependent on factors at the exploration site, the timing of the work, and various contract costs at the time. Below is a recommended estimate of expenditures prepared by Mr. Folk. Mr. Folk also recommended that a budget be prepared in China at the time that various parts of the program are put to tender.

**Phase 1**

Underground development	450m @ \$120/m	54,000
Underground drilling	1,950 m @ \$20/m	39,000
Mine rehabilitation—exploration permit		45,000
Surface mapping (geology, topography, hydrogeology)		83,000
Trenching	10,000 cubic m @ \$10/cubic m	100,000
Preliminary metallurgical test		25,000
Assays	2,000 @ \$20	40,000
Soil samples	500 samples @ \$25 per analysis	12,500
Sample shipping		5,000
Camp costs, food and supplies		12,000
Local transportation, vehicle rental, gasoline and supplies		10,000
Non-camp lodging, food, hotels		10,000
Communications, telephone, internet		5,000
Office costs (Yuanling), drafting, report writing, consulting		25,000
Local public relations, social program		5,000
Supervision, engineering, geology, mine administration		50,000
Casual labor, camp maintenance, cooks, drivers		10,000
Airfare and other travel		8,000
Road construction and repairs		7,000
		<u>545,500</u>
	Contingency 10%	<u>54,500</u>
		<u>\$600,000</u>

**Phase 2** (Contingent on the results from Phase 1)

Surface diamond drilling	3,300 m @ \$100/m (large diameter)	330,000
Exploration shaft	150 m @ \$1,200/ m (all inclusive)	180,000
Underground development	800 m @ \$120/m	96,000
Assays	3,000 @ \$20	60,000
Metallurgical studies		50,000
Engineering and environmental studies		75,000



Sample shipping	5,000
Camp costs, food and supplies	15,000
Local transportation, vehicle rental, gasoline and supplies	10,000
Non-camp lodging, food, hotels	20,000
Communications, telephone, internet	5,000
Office costs (Yuanling), drafting, report writing, consulting	50,000
Local public relations, social program	10,000
Supervision, engineering, geology, mine administration	50,000
Casual labor, camp maintenance, cooks, drivers	10,000
Airfare and other travel	8,000
Road construction and repairs	<u>5,000</u>
	979,000
Contingency 10%	<u>98,000</u>
	<u>1,077,000</u>
<b>GRAND TOTAL</b>	<b>\$1,677,000</b>

### ***Exploration and Development Operations***

#### *2007 Exploration Program*

On February 6, 2007 the Company announced an update on the current exploration program of Jinniushan or Gold Bull Mountain Gold Project (hereafter the GBM Project), located in eastern Hunan Province, P.R. China.

The GBM gold belt extends for more than 15 kilometers and is recognizable by wide distribution of artisanal mining adits, pits and tunnels. Gold mineralization at the GBM belt occurs in late Proterozoic sandy slate characterized by strong silification, seritization and pyritization. Four parallel quartz-vein style gold zones have been recognized with a strong continuity along strike and dip directions.

Minco geologists have completed a preliminary investigation program on the GBM Mining License area, including underground surveying, mapping, and sampling of accessible portions of the GBM gold mine. 71 channel samples in cross cuts were collected from four individual gold zones. At a cutoff of 1g/t gold, the average gold grade and thickness are as follows:

Zone	Average Grade (g/t)	Thickness (m)
V2-1	6.87	0.65
V2-2	22.68	1.06
V2-3	18.78	0.77

Two grab samples collected from zone V2-4 yield 9.25 g/t and 22.45g/t gold.

In 2007, exploration activities were focused on drilling and underground exploration tunneling within the GBM mining permit. A sketch mapping, trenching and mapping for the widespread artisan adits were conducted in the GBM exploration permit. Total completed exploration work included 3,987.5m drilling, 1,745.2m tunneling, 17km<sup>2</sup> sketch mapping, 3,964.5m artisan adit investigation, and 3.64km<sup>2</sup> geochemical soil sampling. It is confirmed that the mineralization zone at GBM is highly uncontinuous along strike and dip directions and grade of gold is extremely unevenly distributed in mineralization zones because of significant nugget effect.

Upon reviewing the results from the above exploration programs, the Company will focus on underground exploration and exploitation within the GBM mining permit in 2009.

During 2008 the underground development work was completed on levels 87 and 47. Up to the end of May, 456m of underground development was completed. Some un-continuous minor gold mineralization zones were

intersected in tunnels. The general range of the average gold grade in these veins is from 0.22 to 2.55g/t. No major mineable zone was delineated at Level 47.

In the process of managing and prioritizing cash flow needs, the Company made the decision to cease exploration program at GBM in June 2008. The Company is attempting to sell the project and believes that the sale proceeds will exceed the carrying value of \$348,400 as recorded in Mineral Interests. As of the date of this AIF, the property has not been sold.

## **VIII. XIAOSHAN GOLD & POLYMETAL PROJECT**

The Xiaoshan project is located in the Shanxian County of NW Henan Province and is 45 kilometres from the Shanxian county town. The project can be accessed by dirt road from Sanmenxia city. The Xiaoshan project consists of two exploration permits, the 17.1km<sup>2</sup> Huluyu permit and the 12km<sup>2</sup> Dafangshan permit and both permits are held by the Henan Nonferrous Exploration and Mining Company (HNEM), a subsidiary of the Nonferrous Geological Exploration Bureau of Henan Province. On February 7, 2007, a JV agreement was signed between the Minco Mining (China) Corporation and the Henan Nonferrous Exploration and Mining Company (HNEM) to jointly explore and develop the precious and nonferrous resources in the Xiaoshan project area. Minco will earn 70% interest of the Xiaoshan project by making an instalment cash payment of RMB15 million and funding all the exploration and development activities. The HNEM will hold a carried interest of 30% in the Xiaoshan project. All the exploration and development will be operated through the joint venture, Zhongjia-Minco Mining Company. The project area is characterized with structurally denuded low to medium mountains from 869 to 1387 meters above sea level. Strong dissection has resulted in deep valleys and steep slopes in the area. Annual precipitation is 586mm and most of them concentrate in the rain season from June to September. The annual evaporation is 1858.8mm. The area is covered with well developed vegetation.

The Company commissioned the preparation of a NI 43-101 report on the Xiaoshan Project. The technical report dated October 1, 2007 was prepared by Peter G. Folk, P. Eng., of 280 Wood Dale Drive, Comp. 47, Site 21, Mayne Island, B.C., Canada, V0N 2J2. The full report can be found on SEDAR.

### *Exploration History*

Most of the previous exploration has been focused on surface or near surface investigation, including 1:200,000 scale mapping, 1:50,000 scale mapping, 1:50,000 scaled stream sediment sampling and investigation on hundreds of ancient workings and quartz veins. The previous investigation has resulted in the delineation of some important geochemical gold and silver anomalies and tens of quartz veins and alteration zones. It has been concluded that the Xiaoshan project area is dominated with gold and silver near surface but increasing silver and lead has been noticed at depth. Almost no exploration has been conducted in the deep portion of the project area with modern exploration techniques.

### *Regional Geology*

Tectonically, the Xiaoshan project area sits at the Xiaoshan uplift block on the southern rim of the North China Craton. The area is also located at the east section of the E-W trending Qinling metallogenic belt. Bedrock consists of highly metamorphosed Archean rocks in the core area and the adjacent Proterozoic intermediate volcanics, phyllites and schists. The Archean metamorphics comprise plagioclase amphibolite, biotite amphibolite, chlorite mica schist and migmatite. The Archean rocks form the core of the Xiaoshan uplift and Proterozoic rocks distributes around, which formed an anticline/dome structural feature. The axis of the Xiaoshan Dome is E-W orientated. The dipping angles of the stratigraphic bedding vary 30° to 60°.

Three sets of faults have been identified and they are striking to NEE, NNW and NWW respectively. Gold and silver mineralization is dominantly controlled by NNW and NWW faults.

Volcanic activities in northwest Henan mainly occurred in the early Middle Proterozoic and volcanics include Andesite and Andesitic porphyrite. Intrusive activities occurred in two episodes, the early Middle Proterozoic and the Early and Middle Mesozoic (Yanshanian). Intrusive rocks consist of the Middle Proterozoic diabase and diorite dykes, and the Mesozoic grano-porphyry, pegmatite and syenite dykes. No sizable intrusion has been observed at surface. However, geophysical data may indicate the presence of large-scaled acidic intrusion at depth.

The Archean metamorphosed rocks of Taihua Group are the dominant host for the large and giant gold-silver deposits in the east section of the Qinling metallogenic belt. High-grade lead and silver usually discovered at the deeper portion of the gold-silver system. The high potential Ying property of Sivercorp is located at a parallel zone to the south of the Xiaoshan project area. The largest gold mine within the property area is located to the west of the Xiaoshan project area at the same EW trending zone. All these important precious and nonferrous deposits in this area are hosted in the Archean metamorphosed rocks of Taihua Group.

### *Property Geology*

Both permits are located within the uplifted core area at the Xiaoshan Uplift Block. Bedrocks within the two permits are mainly Archean migmatite, schist and gneiss (Taihua Group) which were intruded by Proterozoic diabase dykes and Mesozoic acidic dykes.

Geology and mineralization characteristics of the two exploration permits will be described respectively in the following sections.

### *Alteration & Mineralization*

(1) Alteration: Alteration associated with gold and silver mineralization includes silification, carbonatization, pyrite-sericite-quartz alteration, Kaolinization, sericitization, chloritization, epidotization, and ferritization.

(2) Mineralization: Mineralization types closely associated with gold and silver mineralization include pyrite, galena, sphalerite, chalcopyrite, and magnetite as well as a minor amount of limonite and malachite.

### *Characteristics of Gold and Silver Veins*

13 gold and silver lodes were mapped out at surface within the Huluyu permit. Ore lodes occurred as thin veins in structural cataclastic belts and mainly controlled by NW- and NNW-trending faults. The most important lodes include K1, K3, K4, K5, K6, K7 and K8. The largest lode is 4150m in length and dips to 245° at 75°.

Metallic minerals include pyrite, galena, sphalerite, chalcopyrite, magnetite, hematite, limonite and malachite. Major non-metallic minerals are plagioclase, quartz, and muscovite.

According to structure and texture, ore can be divided into the following categories (1) densely massive ore; (2) veinlet banded ore; (3) brecciated ore; and (4) sporadically disseminated ore.

7 gold and silver lodes have been defined at surface in the Dafangshan area. Mineralized lodes occur as thin veins in structural cataclastic alteration belts and are controlled by NW-, NE- and EW-trending faults. Limonite, pyrite and galena are closely associated with gold mineralization.

### *Exploration Programs*

#### *Exploration target*

High-grade massive sulfide at depth of the major ore-control structures.

Exploration Focus in 2007 included (1) systematic mapping and sampling of available artisan mining tunnels; (2) surface mapping to trace the distribution of surface mineralization; and (3) test drilling along K3 vein system, the major ore-control structure at the Huluyu permit.

The major K3 ore-control structure was partially tested with seven holes and has been traced for more than 250m below surface. No encouraging results for the expected massive sulfide received from assay data of the four of the seven completed holes so far.

A comprehensive review on the available results from 2007 exploration programs shall be arranged before further exploration programs are carried out in the two areas.

The Company has started a diamond drill program within the Huluyu exploration permit of the Xiaoshan project area consisting of seven holes for a total of 1,763 metres. The drill program has been designed to trace the dip and strike extensions of the southern portion of the K3 structural zone.

A total of 13 gold and silver veins have been identified on surface within the Huluyu permit. A general review on exploration data from exploration programs organized in 2007 was conducted in April and May 2008. It was concluded that there are no significant Ag-Pb-Zn mineralization intersected within the drilling below the K3 structure, which is the expected major ore-control structure. There is no further evidence for Minco's target model of high grade Ag-Pb-Zn with associated Au. Therefore, Minco has decided to suspend its funding on all exploration programs in the two exploration permits and will keep the interest earned so far in the joint venture.

## **BACKGROUND TO MINING IN CHINA**

### **General Background**

China is the world's fourth-largest country, after Russia, Canada and the United States, with an area of over 9,596,960 square kilometres. The population of China is estimated at approximately 1.3 billion people. Industry is the most important sector of the economy of the China, accounting for 52.9 percent of its gross domestic product ("GDP") in 2004.

The mining industry accounted for an estimated 6 percent of the national industrial output in 2004. Services accounted for 33.3 percent and agriculture accounted for the remaining 13.8 percent of GDP in 2004. In 2003, agriculture accounted for 49 percent of employment, while industry employed 22 percent and services 29 percent, with the mining industry employing more than 20 million people. Since 1978, China has been moving from a planned economy to a more open, market-oriented system, with the result that the economic influence of privately owned enterprises and foreign investors has been steadily increasing. The result of this economic development has been the quadrupling of GDP since 1978.

Agricultural output doubled in the 1980s, and industry has posted major gains, especially in coastal provinces, where foreign investment has helped spur output of both domestic and export goods. Growth has not been without setbacks, as issues such as inflation, excessive capital investment, inefficient state owned enterprises and banks, and deterioration in the environment have periodically caused the State to backtrack, re-tightening central controls from time to time. The Chinese legal system is comprised of written statutes and the interpretation of these statutes by the People's Supreme Court. The *General Principles of the Civil Law of the PRC* has been in effect since January 1, 1987. Continuing efforts are being made to improve civil, administrative, criminal and commercial law especially since China's accession into the WTO. This includes the development of laws governing foreign investment in China, including a regime for sino-foreign cooperative joint ventures and increased foreign participation in mineral resource exploration and mining.

### **Foreign Investment**

Direct foreign investment in China usually takes the form of equity joint ventures ("EJVs"), co-operative joint ventures ("CJVs") and wholly foreign-owned enterprises. These investment vehicles are collectively referred to as foreign investment enterprises ("FIEs").

An EJV is a Chinese legal person and consists of at least one foreign party and at least one Chinese party. The EJV generally takes the form of a limited liability company. It is required to have a registered capital to which each party to the EJV subscribes. Each party to the EJV is liable to the EJV up to the amount of the registered capital subscribed by it. The profits, losses and risks of the EJV are shared by the parties in proportion to their respective contributions to the registered capital. There are also rules and regulations governing specific aspects of EJVs or FIEs, including capital contribution requirements, debt-equity ratio, foreign exchange control, labor management, land use and taxation. Unlike an EJV, a CJV may be, but need not be, incorporated as a separate legal entity. The relationship between the parties is contractual in nature. The rights, liabilities and obligations of the parties are governed by the CJV contract, as is each party's share of the goods produced or profits generated. A CJV is considered a legal person with limited liability if it is incorporated as a separate legal entity.

The establishment of FIEs requires the approval of various Chinese government authorities. Generally, the approval authority is determined on the basis of the total amount of investment involved and the location of the project in question. The State Council must approve restricted foreign invested projects having an investment of US\$100 million or more, encouraged and permitted foreign investment projects having an investment of US\$500 million or more. Subject to the above, the State Development and Reform Commission and the Ministry of Commerce are authorized by the State Council to approve foreign investment projects under restricted catalogue having an investment of US\$50 million or more, and foreign investment projects under the encouraged or permitted catalogue having an investment of US\$100 million or more. Provincial authorities are authorized to approve projects less than the above thresholds under various catalogues. However, companies which conduct exploration or mining will be required to obtain the approval of the Ministry of Commerce as required by doc. 70 issued by the State of Council in 2000.

### **Co-operative Joint Ventures**

Cooperative joint ventures ("CJVs") are a form of foreign direct investment in China and are governed by the *Law of the PRC on Sino-foreign Cooperative Joint Ventures* (implemented in 1988 and revised in 2000) and the *PRC Sino-foreign Cooperative Joint Venture Law Implementing Rules* (implemented in 1995) (collectively the "CJV Law").

Foreign investment in mining in China may also take the form of sino-foreign equity joint ventures or wholly foreign owned enterprises. The CJV Law permits a CJV to choose to operate as a "legal person" by forming a limited liability company, subject to approval by relevant governmental authorities.

In that case, the limited liability company owns all of the CJV's assets, and the liabilities of the investor are limited as provided in the cooperative joint venture contract entered into between them. The CJV Law requires investors in a CJV to make an investment or other contribution, which may take the form of cash, material, technology, land use rights, or other property rights.

Investors must satisfy their contribution obligations within the time frame prescribed by their joint venture contract subject to applicable PRC regulations. Failure to satisfy contribution obligations by investors may lead to penalty and even to the business license being revoked by the governmental authorities. Profits of a CJV are distributed as agreed by investors in the CJV contract and distributions need not be proportionate to each investor's contributions. The CJV contract also determines how liquidation proceeds are to be distributed when the CJV contract is terminated.

### **Government Regulation of Mineral Resources and Ownership**

Exploration for and exploitation of mineral resources in China is governed by the *Mineral Resources Law of the PRC* of 1986, amended effective January 1, 1997, and the *Implementation Rules for the Mineral Resources Law of the PRC*, effective March 26, 1994.

In order to further implement these laws, on February 12, 1998, the State Council issued three sets of regulations: (i) *Regulation for Registering to Explore Mineral Resources Using the Block System*, (ii) *Regulation for Registering to Mine Mineral Resources*, and (iii) *Regulation for Transferring Exploration and Mining Rights* (together with the mineral

resources law and implementation rules being referred to herein as the “Mineral Resources Law”). Under the Mineral Resources Law, the Ministry of Land and Resources (“MOLAR”) is charged with supervision nationwide of mineral resources prospecting and development.

The mineral resources administration authorities of provinces, autonomous regions and municipalities, under the jurisdiction of the State, are charged with supervision of mineral resources prospecting and development in their respective administration areas. The people’s governments of provinces, autonomous regions and municipalities, under the jurisdiction of the State, are charged with coordinating the supervision by the mineral resources administration authorities on the same level. The Mineral Resources Law, together with the *Constitution of the PRC*, provides that mineral resources are owned by the State, and the State Council, the highest executive body of the State, regulates mineral resources on behalf of the State. The ownership of the State includes the rights to: (i) occupy, (ii) use, (iii) earn, and (iv) dispose of, mineral resources, regardless of the rights of owners or users of the land under which the mineral resources are located.

Therefore, the State is free to authorize third parties to enjoy its rights to legally occupy and use mineral resources and may collect resource taxes and royalties pursuant to its right to earn. In this way, the State can direct and regulate the development and use of the mineral resources of China.

### **Mineral Resources Permits**

The *Provisions in Guiding Foreign Investment and the Industrial Catalogue in Guiding Foreign Investment*, which was updated on April 1, 2002, January 1, 2005 and October 31, 2007 (collectively the “Investment Guiding Regulations”) govern foreign investment in China and categorize industries into four types where foreign investment is: (i) encouraged, (ii) permitted, (iii) restricted, or (iv) prohibited. In mining industries, “encouraged” projects include the exploration and mining of coal (and its derived resources), iron, manganese, copper and zinc minerals, etc. “Restricted” projects include the exploration and mining of the minerals of tin, antimony and other noble metals including gold and silver, etc. “Prohibited” projects include the exploration and mining of radioactive minerals, and rare earth. Foreign investment is “permitted” if the exploration and mining of the minerals is not included in the other three categories. Subject to the Investment Guiding Regulations, foreign investment in the exploration and mining of minerals is generally encouraged, in particular in relation to minerals in the western region of China. Until January, 2000, the production, purchasing, distributing, manufacturing, using, recycling, import and export of silver was strictly regulated by the Regulations of the People’s Republic of China on the Control of Gold and Silver.

Since then however, China’s silver market has been fully opened and silver is now treated as a commodity not subject to any special control or restrictive regulation by the State. However, foreign investment in the exploration and mining of silver remains restricted. China has adopted, under the Mineral Resources Law, a licensing system for the exploration and exploitation of mineral resources. MOLAR and its authorized provincial or local departments are responsible for approving applications for exploration permits and mining permits. The approval of MOLAR is also required to transfer those rights.

Applicants must meet certain conditions for qualification set by the State. Pursuant to the Mineral Resources Law, the applicant for a mining right must present stated documents, including a plan for development and use of the mineral resources and an evaluation report of the environmental impact thereof.

The Mineral Resources Law allows individuals to excavate sporadic resources, sand, rocks and clay for use as materials for construction and a small quantity of mineral resources for sustenance. However, individuals are prohibited from mining mineral resources that are more appropriate to be mined in scale by an enterprise, the specified minerals that are subject to protective mining by the State and certain other designated mineral resources, as may be determined by MOLAR. Once granted, all exploration and mining rights are protected by the State from encroachment or disruption under the Mineral Resources Law. It is a criminal offence to steal, seize or damage exploration facilities, or disrupt the working order of exploration areas.

## **Exploration Rights**

Exploration permits are registered and issued to “licensees”. The period of validity of an “Exploration Permit” can be no more than three years. The Exploration Permit area is described by a “basic block”. An Exploration Permit for metallic and non-metallic minerals has a maximum of 40 basic blocks. When a mineral that is capable of economic development is discovered, the licensee may apply for the right to develop such mineral. The period of validity of an “Exploration Permit” can be extended by application and each extension can be no more than two years in duration. During the term of the Exploration Permit, the licensee has the privileged priority to obtain the mining right to the mineral resources in the exploration area covered by the Exploration Permit, provided the licensee meets the conditions of qualification for mining rights holders. Further, the licensee has the rights, among others, to: (i) explore without interference within the area under permit during the permit term, (ii) construct exploration facilities, and (iii) pass through other exploration areas and adjacent ground to access the permitted area.

After the licensee acquires the Exploration Permit, the licensee is obliged to, among other things: (i) start exploration within the prescribed term, (ii) explore according to a prescribed exploration work scheme, (iii) comply with State laws and regulations regarding labour safety, water and soil conservation, land reclamation and environmental protection, (iv) make detailed reports to local and other licensing authorities, (v) close and occlude the wells arising from prospect work, (vi) take other measures to protect against safety concerns after the prospect work is completed, and (vii) complete minimum exploration expenditures as required by the *Regulations for Registering to Explore Resources Using the Block*.

## **Mining Rights**

Holders of mining rights, or “concessionaires”, are granted licenses to mine for maximum terms of 10 to 30 years, based on magnitude of the mining project. The concessionaires may extend the term of a mining license with an application at least 30 days prior to expiration of the term. The user fee for the mining right is equal to RMB 1,000 per square kilometre per year. Where there is any prior State investment in or State sponsored geological work conducted on a mineral property, the State must be compensated based on the assessed value of the State input before mining rights can be granted. Concessionaires enjoy the rights, among others, to: (i) conduct mining activities during the term and within the mining area prescribed by the mining license, (ii) sell mineral products (except for mineral products that the State Council has identified for unified purchase by designated units), (iii) construct production and living facilities within the mine area, and (iv) use the land necessary for production and construction, in accordance with applicable law.

Concessionaires are obliged to, among other things: (i) conduct mine construction or mining activities within a defined time period, (ii) conduct efficiently production, rational mining and comprehensive use of the mineral resources, (iii) pay resources tax and mineral resources compensation (royalties) pursuant to law, (iv) comply with State laws and regulations regarding labour safety, water and soil conservation, land reclamation and environmental protection, (v) be subject to the supervision and management from both the departments in charge of geology and mineral resources, and (vi) complete and present mineral reserves forms and mineral resources development and use statistics reports, according to applicable law.

## **Transferring Exploration and Mining Rights**

A mining enterprise may transfer its exploration or mining rights to others, subject to the approval of MOLAR or its authorized departments at provincial or local level, as the case may be. An Exploration Permit may only be transferred if the transferor has: (i) held the Exploration Permit for two years as of the issue date, or discovered minerals in the exploration block, which are able to be explored or mined further, (ii) a valid and subsisting Exploration Permit, (iii) completed the stipulated minimum exploration expenditure, (iv) paid the user fees and the price for prospect rights pursuant to the relevant regulations, and (v) obtained the necessary approval from the authorized department in charge of the minerals. Mining rights may only be transferred if the transferor needs to change the ownership of such mining rights because it is: (i) engaging in a merger or split, (ii) entering into equity or cooperative joint ventures with others, (iii) selling its enterprise assets, or (iv) engaging in a similar transaction that will lead to the alteration of the property ownership of the enterprise. A Mining Permit may only be transferred if the transferor has: (i) commenced production for no less than one

year, (2) a valid and subsisting Mining Permit without title dispute, and (iii) paid the user fees, the price for the mining right, resource tax and mineral resource compensation pursuant to laws.

### **Environmental Laws**

In the past ten years, laws and policies for environmental protection in China have moved towards stricter compliance and stronger enforcement. The basic laws in China governing environmental protection in the mineral industry sector of the economy are the *Environmental Protection Law*, the *Environment Impact Assessment Law* and the *Mineral Resources Law*. The State Administration of Environmental Protection and its provincial counterparts are responsible for the supervision of implementation and enforcement of environment protection laws and regulations. Provincial governments also have the power to issue implementing rules and policies in relation to environmental protection in their respective jurisdictions. Applicants for mining rights must submit environmental impact “assessments” and those projects that fail to meet environmental protection standards will not be granted licenses.

In addition, after exploration the licensee must perform water and soil maintenance and take steps towards environmental protection. After the mining rights have expired or the concessionaire stops mining during the permit period and the mineral resources have not been fully developed, the concessionaire shall perform water and soil maintenance, land recovery and environmental protection in compliance with original development scheme, or must pay the costs of land recovery and environmental protection. After closing, the mining enterprises shall perform water and soil maintenance, land recovery and environmental protection in compliance with mine closure approval reports, or must pay the costs of land recovery and environmental protection.

### **Chinese-Foreign Co-Operative Joint Ventures**

#### *Legal Framework*

Each of the various joint venture entities through which the Company may carry out business in China has been or will be formed under the laws of China as a sino-foreign co-operative joint venture enterprise and is or will be a legal person with limited liability. All joint ventures entered into, or to be entered into, by the Registrant must be approved by both the Ministry of Commerce (“MOC”) and the State Development and Reform Commission (“SDRC”) in Beijing or their provincial bureaus.

The establishment and activities of each of the Company’s joint venture entities are governed by the law of the People’s Republic of China on sino-foreign co-operative joint ventures and the regulations promulgated thereunder (the “China Joint Venture Law”). As with all sino-foreign co-operative joint venture enterprises, the Company’s joint venture enterprises will be subject to an extensive and reasonably well-developed body of statutory law relating to matters such as establishment and formation, distribution of revenues, taxation, accounting, foreign exchange and labor management.

On January 1, 1997, an amendment to the Mineral Resources Law of China became effective. Among other things, the amended law deals with foreign ownership of Chinese mines and mineral rights, and allows, under some circumstances, the transfer of exploration rights and mining rights. Pursuant to this law, new regulations were made effective on February 12, 1998. The MOLAR, administers a new computerized central mineral title registry established in Beijing, which has streamlined the application for exploration and mining permits. Under existing laws, in order to form a mining joint venture, foreign companies always complete two levels of agreements. In general, the first level of agreement is a letter of intent or a memorandum of understanding, which sets forth broad areas of mutual co-operation.

The second level of agreement is a joint venture contract that sets out the entire agreement among the parties and contemplates the establishment of a “Chinese Legal Person,” a separate legal entity. Before a joint venture can be created, an assessment or feasibility study of the proposed joint venture must be prepared and approved by the SDRC or its provincial bureau. Therefore, upon completing a co-operation agreement, the parties prepare a feasibility study of the proposed joint venture and submit this feasibility study to the SDRC for the project



verification, the granting of which depends upon whether the proposed project broadly conforms to the economic policy issued by the government and any prescribed regulations.

Upon receiving this approval in principle, the parties then negotiate and prepare a joint venture contract and submit it to the MOC, or its provincial bureaus, which approves the specific terms of all joint venture contracts between Chinese and foreign parties. Within one month after the receipt of a certificate of approval from MOC, a joint venture must register with the State Administration of Industry and Commerce (the “SAIC”).

Upon registration of the joint venture, a business license is issued to the joint venture. The joint venture is officially established on the date on which its business license is issued. Following the receipt of its business license, the joint venture applies to the MOLAR to approve and grant to the joint venture its exploration permits and/or mining licenses.

### *Governance and Operations*

Governance and operations of a sino-foreign cooperative joint venture enterprise are governed by the Chinese joint venture law, the parties’ joint venture agreement and by the articles of association of each joint venture entity. Pursuant to relevant Chinese laws, certain major actions of the joint venture entity require unanimous approval by all of the directors present at the meeting called to decide upon actions, such as amendments to the joint venture agreement and the articles of association; increase in, or assignment of, the registered capital of the joint venture; a merger of the joint venture with another entity; or the termination and dissolution of the joint venture enterprise.

### *Term*

Under the joint venture agreement, the parties will agree to a term of the joint venture enterprise from the date a business license is granted. However, the term may be extended with the unanimous approval of the board of directors of the joint venture entity and the approval of the relevant Chinese governmental entities.

### *Employee Matters*

Each joint venture entity is subject to the Chinese employment laws and regulations. In compliance with these laws and regulations, the management of the joint venture enterprise may hire and discharge employees and make other determinations with respect to wages, welfare, insurance and discipline of its employees. Generally, in the joint venture agreement, the standard of salary, social welfare insurance and traveling expenses of senior management will be determined by the board of directors of the joint venture entity. In addition, the joint venture will establish a special fund for enterprise development, employee welfare and incentive fund, and a general reserve. The amount of after-tax profits allocated to the special funds is determined at the discretion of the board of directors on an annual basis.

### *Distributions*

After provision for a reserve fund, an enterprise development fund and employee welfare and incentive fund, and after provision for taxation, the profits of a joint venture enterprise will be available for distribution to the Company and its other shareholders, such distribution to be authorized by the board of directors of the joint venture entity.

### *Assignment of Interest*

Under joint venture agreements and the Chinese Joint Venture Law, any assignment of an interest in a joint venture entity must be approved by the relevant governmental authorities. The China Joint Venture Law also provides for pre-emptive rights and consent of the other party for proposed assignments by one party to a third party.

### *Liquidation*

Under the Chinese Joint Venture Law and joint venture agreements, the joint venture entity may be liquidated in certain limited circumstances including the expiry of its term or any term of extension, inability to continue operations due to severe losses, failure of a party to honor its obligations under the joint venture agreement and articles of association in such a manner as to impair the operations of Chinese governmental entities and force majeure.

### *Resolution of Disputes*

In the event of a dispute between the parties, attempts will be made to resolve the dispute through consultation. This is the practice in China and the Company believes that its relationship with Chinese governmental entities is such that it will be able to maintain a good working relationship with respect to the operations of its joint venture enterprises. In the absence of a friendly resolution of any dispute, the parties may agree that the matter will be settled by an arbitration institute. The parties may jointly select an arbitration institution to resolve disputes in the joint venture contract if it has been stated in the joint venture contract or when the dispute is raised. Awards of the arbitration institute are enforceable in accordance with the laws of China by Chinese courts. In the absence of a valid arbitration agreement, both parties or either party may decide to resort to Chinese courts to resolve disputes between the parties over the terms of the joint venture contract.

### *Expropriation*

The Chinese Joint Venture Law also provides that China generally will not nationalize and requisition enterprises with foreign investment. However, in special circumstances where demanded by social public interest, enterprises with foreign investment may be requisitioned by legal procedures, but appropriate compensation will be paid.

### *Division of Revenues*

Revenues derived from operating joint ventures, once all necessary agreements, permits and licenses are obtained, will be divided between the Company and the entities which are parties to the joint venture according to the terms of each individual joint venture, which terms will vary from project to project. The Company will be subject to various taxes on its revenues.

## **RISK FACTORS**

In addition to the other information presented in this Annual Information Form, you should consider the following carefully in evaluating the Company and its business. This Annual Information Form contains forward-looking statements that involve risks and uncertainties. The Company's actual results may differ materially from the results discussed in the forward-looking statements. Factors that might cause such a difference include, but are not limited to, those discussed below and elsewhere in this Annual Information Form.

### **Limited Operating History**

The Company has no history of earnings and there are no known commercial quantities of mineral reserves on the Company's property. Accordingly it is not possible to predict when, if at all, the Company will generate revenues or income from its operations.

### **Exploration and Development is a Speculative Business**

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production.

The marketability of minerals acquired or discovered by the Company may be affected by numerous factors which are beyond the control of the Company and which cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, the availability of mining equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals, and environmental protection, the combination of which factors may result in the Company not receiving an adequate return of investment capital.

All of the properties in which the Company has an interest or a right to acquire an interest are in the exploration stages only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favourable exploration results are obtained. The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

There is no assurance that the Company's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of the Company's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors. Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

### **No Assurance of Production**

Mineral exploration is highly speculative in nature, involves many risks, and frequently does not lead to the discovery of commercial reserves of minerals. While the rewards can be substantial if commercial reserves of minerals are found, there can be no assurance that the Company's past or future exploration efforts will be successful, that any production therefrom will be obtained, or that any such production which is attempted will be profitable.

### **Industry Specific Risks**

The exploration, development, and production of minerals are capital-intensive businesses, subject to the normal risks and capital expenditure requirements associated with mining operations, which even a combination of experience, knowledge and careful evaluation may not be able to overcome.

### **Factors Beyond Company's Control**

Discovery, location and development of mineral deposits depend upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. The exploration and development of mineral properties and the marketability of any minerals contained in such properties will also be affected by numerous factors beyond the control of the Company. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation and refining facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

## **Uninsured Risks**

The Company's mining activities are subject to the risks normally inherent in mineral exploration, including but not limited to environmental hazards, industrial accident, flooding, periodic or seasonal interruptions due to climate and hazardous weather conditions, and unusual or unexpected formations. Such risks could result in damage to or destruction of mineral properties or production facilities, personal injury, environmental damage, delay in mining and possible legal liability.

The Company may become subject to liability for pollution and other hazards against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons. The payment for such liabilities would reduce the funds available for exploration and mining activities and may have a material impact on the Company's financial position.

## **Currency Exchange Rates**

The Company maintains its accounts in US dollar, Canadian dollar and Renminbi (RMB) denominations. The government of the PRC maintained the exchange rate between the RMB and the US dollar as a constant until July 2005 and thus exchange rates between the Canadian dollar and the RMB fluctuated in tandem with the changing exchange rates between the US and Canadian dollars. Since July 2005, the value of the RMB has been tied to a basket of currencies of China's largest trading partners. Given that most of Minco Silver's expenditures are currently and are anticipated to be incurred in U.S. dollars and RMB, Minco Silver is subject to foreign currency fluctuations which may materially affect its financial position and operating results. The Company does not currently have a formal hedging program to mitigate foreign currency exchange risks.

## **Competition**

The precious metal minerals exploration industry and mining business are intensely competitive. The Company competes with numerous other companies and individuals in the search for and the acquisition of attractive precious metal mining properties. Many of these competitors have substantially greater technical and financial resources than the Company. Competition could adversely affect the Company's ability to acquire suitable properties or prospects in the future.

## **Future Financing**

The Company has limited financial resources and has no assurance that additional funding will be available to it for further exploration and development of its projects. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible loss of such properties.

## **Uncertainty of Estimates**

Resource and reserve estimates of minerals are inherently imprecise and depend to some extent on statistical inferences drawn from limited drilling, which may prove unreliable. Although estimated recoveries are based upon test results, actual recovery may vary with different rock types or formations in a way which could adversely affect operations.

## **Management and Directors**

The success of the Company is currently largely dependent on the performance of its officers. The loss of the services of these persons will have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse affect on the Company and its prospects. The Company has not purchased any "key-man" insurance with respect to any of its directors or officers to the date hereof. The loss of any key officer of the Company could have an adverse impact on the Company, its business and its financial position.

## **Potential Conflicts of Interest**

None of the Company's officers and directors devotes their full-time efforts to the Company. Certain members of the Company's board and officers of the Company also serve as officers or directors of other companies involved in natural resource exploration and development. Consequently, there exists the possibility that those directors and officers may be in a position of conflict. In particular, Ken Z. Cai serves as a director and CEO in each of the Company, Minco Silver and Minco Base Metals.

In addition, Garnet Clark serves as Chief Financial Officer for Minco Silver and Minco Base Metals. Dwayne Melrose serves as Vice President, Exploration with Minco Silver and is also a Director of Minco Base Metals. Any decision made by those directors and officers will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors and officers will declare, and refrain from voting on, any matter in which such directors or officers may have a conflict of interest. Nevertheless, there remains the possibility that the best interests of the Company will not be served because its directors and officers have other commitments.

## **Fluctuating Mineral Prices**

Factors beyond the control of the Company may affect the marketability of metals discovered, if any. Metal prices have fluctuated widely, particularly in recent years. The effect of these factors cannot be predicted.

## **The Mining Industry Is Highly Speculative**

The Company is engaged in the exploration for minerals which involves a high degree of geological, technical and economic uncertainty because of the inability to predict future mineral prices, as well as the difficulty of determining the extent of a mineral deposit and the feasibility of extracting it without the expenditure of considerable money.

## **Risks Related to Doing Business in China**

Various matters that are specific to doing business in China may create additional risks or increase the degree of such risks associated with the Company's activities. These risks are discussed below.

### *PRC Political and Economic Considerations*

The business operations of the Company will be located in, and the revenues of the Company derived from activities in, the PRC. Likewise, the Company's operations in the PRC are currently conducted through and with the assistance of Minco China, a Chinese company. Accordingly, the business, financial condition and results of operations of the Company could be significantly and adversely affected by economic, political and social changes in the PRC. The economy of the PRC has traditionally been a planned economy, subject to five-year and annual

plans adopted by the state, which set down national economic development goals. Since 1978, the PRC has been moving the economy from a planned economy to a more open, market-oriented system.

The economic development of the PRC is following a model of market economy under socialism. Under this direction, it is expected that the PRC will continue to strengthen its economic and trading relationships with foreign countries and that business development in the PRC will follow market forces and the rules of market economics. However, the Chinese government continues to play a significant role in regulating industry by imposing industrial policies. In addition, there is no guarantee that a major turnover of senior political decision makers will not occur, or that the existing economic policy of the PRC will not be changed. A change in policies by the PRC could adversely affect the Company's interests in China by changes in laws, regulations or the interpretation thereof, confiscatory taxation, restrictions on currency conversion, imports and sources of supplies, or the expropriation of private enterprises.

In order to conduct exploration and development of mineral deposits in the PRC, resource companies are required to obtain licenses and permits from the relevant authorities in the PRC, including a business license which authorizes companies to carry on business in the PRC. The business license of Minco China is subject to an annual review process pursuant to which it must pass annual inspections of the Administration for Industry and Commerce in the PRC. As a result, if Minco China does not pass its annual review it will not be authorized to carry on business in the PRC which may adversely affect the Company's interests in the Fuwan Property. The Company believes that it and Minco China are operating in compliance with all applicable rules and regulations.

The purpose set out in Minco China's articles of association includes, among other things, the application of advances and appropriate exploration and mining technology and scientific methods to develop mine exploration and development software and technology, improve exploration precision and accuracy, and to reduce exploration risks. Minco China's scope of business according to its articles of association includes, among others, the exploration of mineral deposits, development of exploration technology, and the development of software for mine exploration and development.

However, Minco China's approved business scope contained in its business licence does not clearly state that Minco China is approved to conduct exploration and mining business because Minco China has not obtained the approval from the Ministry of Commerce for its exploration and mining business. Minco China has applied to amend the scope of its business to more clearly include mining exploration and development. Minco China's application has been approved by the Beijing Metropolitan Department of Commerce and is subject to the final approval of the Ministry of Commerce. While Minco China expects that its business scope application will be approved, no guarantee can be given that the Ministry of Commerce approval will ultimately be obtained.

Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions there under, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of companies engaged in mineral resource exploration and development, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

The Company's various property interests and potential property rights in the PRC involve various Chinese state-sector entities, including the GGEDC and 757 Team, whose actions and priorities may be dictated by government policies, instead of purely commercial considerations. Additionally, companies (such as Minco China) with a foreign ownership component operating in the PRC may be required to work within a framework which is different to that imposed on domestic Chinese companies. The Chinese government is opening up opportunities for foreign investment in mining projects and this process is expected to continue. However, if the Chinese government should

reverse this trend and impose greater restrictions on foreign companies, the Company's business and future earnings could be negatively affected.

#### *PRC Legal System and Enforcement*

Most of the material agreements to which the Company or its affiliates are party or will be party in the future with respect to mining assets in the PRC are expected to be governed by Chinese law and some may be with Chinese governmental entities. The PRC legal system embodies uncertainties that could limit the legal protection available to the Company and its shareholders. The outcome of any litigation may be more uncertain than usual because: (i) the experience of the PRC judiciary is relatively limited, and (ii) the interpretation of PRC laws may be subject to policy changes reflecting domestic political changes.

The laws that do exist are relatively recent and their interpretation and enforcement involve uncertainties, which could limit the available legal protections. Even where adequate law exists in the PRC, it may be impossible to obtain swift and equitable enforcement of such law or to obtain enforcement of judgments by a court of another jurisdiction. The inability to enforce or obtain a remedy under such agreements would have a material adverse impact on the Company.

Many tax rules are not published in the PRC, and those that are published can be ambiguous and contradictory, leaving a considerable amount of discretion to local tax authorities. PRC currently offers tax and other preferential incentives to encourage foreign investment. However, the tax regime of the PRC is undergoing review and there is no assurance that such tax and other incentives will continue to be available. There is also no guarantee that the pursuit of economic reforms by the State will be consistent or effective and as a result, changes in the rate or method of taxation, reduction in tariff protection and other import restrictions, and changes in state policies affecting the mining industry may have a negative effect on its operating results and financial condition.

#### *Environmental Considerations*

Although the PRC has enacted environmental protection legislation to regulate the mining industry, due to the very short history of this legislation, national and local environmental protection standards are still in the process of being formulated and implemented. The legislation provides for penalties and other liabilities for the violation of such standards and establishes, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are being or have been conducted. The Company believes that there are not outstanding notices, orders or directives from central or local environmental protection agencies or local government authorities alleging any breach of national or local environmental quality standards by Minco China, GGEDC, the 757 Team or any other party in respect of the Fuwan Property. Although the Company intends to fully comply with all environmental regulations, there is a risk that permission to conduct exploration and development activities could be withdrawn temporarily or permanently where there is evidence of serious breaches of such standards.

#### *Reliability of Information*

While the information contained herein regarding the PRC has been obtained from a variety of sources, including government and private publications, independent verification of this information is not available and there can be no assurance that the sources from which it is taken or on which it is based are wholly reliable.

#### *Government Regulation of Mineral Resources and Ownership*

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

## **DIVIDENDS**

All of the common shares of the Company are entitled to an equal share in the dividends declared and paid by the Company. There are no restrictions in the Company's articles or elsewhere which could prevent the Company from paying dividends, however, the Company has not paid any dividends since incorporation and it is not contemplating that any dividends will be paid in the immediate future. The directors of the Company will determine when, if any, dividends will be declared and paid in the future from funds properly applicable to the payment of dividends based on the Company's financial position at that time.

## **DESCRIPTION OF CAPITAL STRUCTURE**

### **Share Capital**

As of April 15, 2009, the Company had 43,037,051 common shares issued and outstanding. There are a total of 4,725,834 stock options granted to directors, officers, employees and contractors for a fully diluted total of 47,762,885 common shares.

### **Description of Share Capital**

The Company is authorized to issue 100,000,000 common shares without par value. There is one class of shares only. The holders of common shares are entitled to one vote for each share on all matters to be voted on by the shareholders. At the annual general meeting of the Company, every member present in person or represented by proxy shall have one vote for each share of which such member is the registered shareholder.

### **Normal Course Issuer Bid** ***(Share Buy-Back Program)***

On November 20, 2006, the Company announced that it had received approval from the Toronto Stock Exchange ("TSX") for the Company's Notice of Intention to Make a Normal Course Issuer Bid. Under the terms of the Normal Course Issuer Bid, the Company may acquire up to 2,107,210 common shares of the Company (the "Shares") between November 22, 2006 and November 21, 2007. All Shares purchased by the Company under the Normal Course Issuer Bid will be effected through the facilities of the TSX. The Company is limited, pursuant to the policies of the TSX on issuer bids, to purchase not more than 842,884 shares (2% of the Company's 42,865,219 issued and outstanding Shares as of October 31, 2006) during any 30-day period to a maximum of 2,107,210 Shares (5% of the Company's issued and outstanding Shares as of the date of TSX acceptance of the Normal Course Issuer Bid) during the 12 month period. The price at which the Shares will be purchased pursuant to the Normal Course Issuer Bid by the Company will be the market price of the Shares at the time of acquisition and will be at a price that is not higher than the last independent trade of a board lot of Shares of the Company. In August, 2007, the Company acquired a total of 48,000 Shares under the Normal Course Issuer Bid at an average purchase price of \$0.90. No other shares were acquired pursuant to the Normal Course Issuer Bid.

## **MARKET FOR SECURITIES**

The common shares of Minco Gold Corporation are publicly traded in Canada and are listed on the Toronto Stock Exchange ("TSX") under the trading symbol MMM and are listed in the United States on the Over the Counter market ("OTC") under the symbol MMAXF. On November 11, 2005 the Company received listing approval from The American Stock Exchange ("AMEX"). The Company began trading on the AMEX on November 22, 2005



with its trading symbol on the AMEX as “MMK”. The Company changed its name from Minco Mining and Metals Corporation to Minco Gold Corporation and on February 1, 2007, the stock began trading on AMEX under the new trading symbol “MGH”. The following table highlights the market prices and trading volumes for the Company’s common shares for the most recently completed financial year and including January 1, 2008 to December 31, 2008 as reported by the Toronto Stock Exchange and the American Stock Exchange:

<b>2008</b>	<b>TSX High Price CDN\$</b>	<b>TSX Low Price CDN\$</b>	<b>TSX Volume</b>	<b>AMEX High Price USD\$</b>	<b>AMEX Low Price USD\$</b>	<b>AMEX Volume USD</b>
December	0.64	0.24	712,600	0.56	0.19	1,186,200
November	0.49	0.30	305,300	0.43	0.25	672,200
October	0.65	0.25	931,400	0.65	0.18	1,034,800
September	0.89	0.40	765,500	0.84	0.65	1,166,000
August	0.99	0.78	384,700	0.95	0.73	600,000
July	1.16	0.88	481,000	1.08	0.85	777,000
June	1.28	1.00	359,600	1.30	0.99	974,200
May	1.29	1.07	742,500	1.30	1.06	1,921,900
April	1.61	1.15	1,283,300	1.58	1.12	2,376,500
March	1.80	1.10	3,190,800	1.83	1.10	5,801,300
February	1.24	0.75	2,106,900	1.25	0.75	2,770,900
January	0.99	0.70	3,137,200	0.99	0.70	2,644,100

The Company files reports and other information with the Canadian regulatory authorities on SEDAR and with the United States Securities and Exchange Commission on EDGAR. Copies of these filings are located by accessing their respective websites at [www.sedar.com](http://www.sedar.com) at [www.sec.gov](http://www.sec.gov).

### **ESCROWED SECURITIES**

As at April 15, 2009, there are no shares held in escrow.

### **DIRECTORS AND OFFICERS**

#### **Name, Address, Occupation and Security Holding**

The table on the following page sets forth all current directors and executive officers of the Company as of December 31, 2008, with each position and office held by them in the Company, their terms of office and the period of service as such. Each director’s term of office expires at the next annual general meeting of shareholders to be held in June 2009. At such meeting, each current director will likely be seeking re-election.

NAME AND PRESENT POSITION WITH THE COMPANY	PRINCIPAL OCCUPATION AND POSITIONS DURING LAST FIVE YEARS	DIRECTOR SINCE	NUMBER OF COMMON SHARES HELD (2) (3)
Ken Z. Cai <sup>(17)</sup> President, Chief Executive Officer and Director	President and CEO of Minco Gold Corporation (formerly "Mining & Metals Corporation") from February 1996 to present; CEO and Director of Minco Silver Corporation from 2004 to present; CEO, President and Director of Minco Base Metals Corporation from May, 2007 to present; Chairman, CEO and Director of Pacific Link Mining Corp. from 2001 to present; Director of East Energy Corp. (formerly "Gobi Gold Inc.") from August 2005 to present and past Acting President from January 2006 to July 2006; Director of Linear Metals Corporation from July 2006 to present; Director & President of Aquasol Envirotech Ltd, from March 2000 to present; Director of Dragon Pharmaceuticals Inc. from September 1998 to January 2005.	February, 29, 1996	6,510,231 <sup>(4)</sup>
Robert M. Callander <sup>(1) (9) (10) (17)</sup> Director	Vice President of Caldwell Securities Ltd. from 1995 to present and joined Caldwell Securities in 1992.	August 23, 1996	295,000 <sup>(6)</sup>
Michael Doggett <sup>(1) (9) (10) (17)</sup> Director	Professor/Researcher at Queens University from 1997 to 2007; Michael Doggett & Associates from 1990 to present; President of PCDEP Inc. from 1997 to present; Director of InterCitic Minerals from Feb. 2008 to present; Director of Murgor Resources from March, 2004 to present; Director of Pacific Link Mining Corp. from April, 2007 to present;	July 16, 2007	275,000 <sup>(8)</sup>
Malcolm F. Clay <sup>(1) (9) (10) (16) (17)</sup> Director	Mr. Clay is a Chartered Accountant (FCA) and was a partner of KPMG and its predecessor firms for 27 years, retiring in 2002. Self-employed consultant from 2002 to present; Director of Powertech Uranium Corp. from Jan. 2008 to present; Director of Versatile Systems June 2003 – present; Director of Abode Mortgage, Feb. 2003 – present; Director of Zonghsem Pem, June 2004 – present.	November 16, 2007	200,000 <sup>(13)</sup>

Dwayne Melrose Director and VP Exploration	VP, Exploration for Minco Gold Corporation from May 2007 to present; VP, Exploration for Minco Silver Corporation from May 2007 to present; Director of Minco Base Metals Corporation from Nov, 2007 to present; Exploration Manager for Kumtor Operating Company (subsidiary of Cameco Corp) from 1998 to 2007; Project Geologist for Cameco Corp./ Cameco Gold Inc. from 1986 – 1998.	July, 2007	475,000 <sup>(11)</sup>
Garnet Clark <sup>(14)(17)</sup> Chief Financial Officer	Chief Financial Officer of Minco Gold Corporation (formerly “Minco Mining & Metals Corporation”) from October 2007 to present; Chief Financial Officer of Minco Silver Corporation from October 2007 to present; Chief Financial Officer of Minco Base Metals Corporation from October 2007 to present; Chief Financial Officer and Vice-President, Finance of East Energy Corp. from August, 2007 to present, Chief Financial Officer of Pacific Link Mining Corp. from October, 2007 to present; Vice-President, Oil & Gas Operations for Sherritt International Corp, 2006 – 2007; Chief Financial Officer and Vice President, Finance of Luscar Energy Partnership and related companies, 2003 – 2005;	October 11, 2007	150,000 <sup>(14)</sup>
Jin (Fiona) Zhou <sup>(17)</sup> Controller	Controller of Minco Gold Corporation (formerly “Minco Mining & Metals Corporation”) from June 2004 to present; Controller of Minco Silver Corporation from October 2004 to present; Controller of Tranzcom China Security Networks Inc. from June 2004 to April 2005. Previously she served as the accounting manager of several companies and has held several positions such as finance supervisor and senior auditor.	June 23, 2004	136,667 <sup>(12)</sup>

**Notes:**

- (1) Current member of the Audit Committee of the Company.
- (2) Common shares and options beneficially owned, directly and indirectly, or over which control or direction is exercised, at the date hereof, based upon the information furnished to the Company by individual directors and officers. Unless otherwise indicated, such shares are held directly.
- (3) The directors, nominees, officers and other members of management of the Company, as a group beneficially own, directly or indirectly, 8,041,898 common shares of the Company, representing 19% of the fully diluted issued and outstanding common shares of the Company. Of the 8,041,898 common shares a total of 2,631,667 are subject to stock options granted but not exercised and 5,360,731 common shares are held by Pacific Canada Resources Inc. (Note (4)).
- (4) Includes 5,360,731 common shares held by Pacific Canada Resources Inc., a private company, of which Dr. Ken Cai has more than a 10% interest. Also includes 1,100,000 common shares subject to options.
- (5) Includes 100,000 common shares subject to options.
- (6) Includes 295,000 common shares subject to options.
- (7) Includes 200,000 common shares subject to options.
- (8) Includes 275,000 common shares subject to options.
- (9) Current member of the Nominations Committee of the Company.
- (10) Current member of the Compensation Committee of the Company.

- (11) Includes 475,000 common shares subject to options.
- (12) Includes 136,667 common shares subject to options.
- (13) Includes 200,000 common shares subject to options.
- (14) Includes 150,000 common shares subject to options.
- (15) Includes 100,000 common shares subject to options.
- (16) Mr. Clay was appointed as a Director of the Company on November 16, 2007. Mr. Clay was also appointed as Chairman of the Audit Committee.
- (17) Resident of Canada

Directors hold office until the next annual general meeting of the shareholders of the Company when their successor is duly elected, or until their successor is appointed if an office is vacated in accordance with the articles of the Company.

The following is a brief description of the background of each of the above individuals.

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

Dr. Cai has served as president, chief executive officer and a director of the Company since February 29, 1996. Dr. Cai, age 43 devotes approximately 40% of his time to the Company's business. Dr. Cai holds a Ph.D. in mineral economics from Queens University in Kingston, Ontario. Dr. Cai, a Chinese national now living in Canada, has 20 years' experience in mineral exploration, project evaluation, corporate financing and company management. He has been the driving force behind the Company and responsible for negotiating the property agreements in China. He has a wide range of high-level contacts in the Chinese mining communities and this has allowed Minco to access data on a large number of projects throughout China. Dr. Cai serves as a director and/or officer of the following publicly-traded companies: Minco Silver Corporation, a TSX listed company (Director, President and CEO); Minco Base Metals Corporation (Director, President and CEO) Pacific Link Mining Corp., a TSX Venture listed company (Director and Chairman); Linear Metals Corporation (Director) a TSX Venture listed company and East Energy Corp. (formerly "Gobi Gold Inc."), a TSX Venture listed company (Director).

***Robert Callander***  
***Director***

Mr. Callander has been a director since August 1996. Mr. Callander, age 61, devotes approximately 5% of his time to the Company's business. He holds an MBA from York University, Toronto, Ontario, Canada, as well as a CFA from the Institute for Investment Management, Charlotte, Virginia. Mr. Callander has worked for Caldwell Securities Ltd. since 1992 and currently serves as a vice-president with that firm. Prior to his engagement with Caldwell Securities Ltd., Mr. Callander served as a corporate finance analyst with Nesbitt Burns.

***Dwayne Melrose***  
***Director and Vice-President, Exploration***

Mr. Melrose has been a director since July, 2007 and as Vice-President, Exploration since May, 2007. He is also Vice-President, Exploration of Minco Silver Corporation and a director of Minco Base Metals Corporation. Mr. Melrose is a graduate from the University of Waterloo, Ontario and has over 25 years experience as an exploration and mine geologist. He has been involved in all aspects of exploration and mine exploration from grass roots to mine definition/feasibility stage and open pit mine geology. Mr. Melrose has worked with the Cameco/Centerra Gold companies' exploration departments for the past 21 years in Canada, USA and Kazakhstan with the last nine years as the Exploration Manager at the Kumtor Gold Mine in the Krygyz Republic. Prior to Kumtor, Mr. Melrose has worked in a variety of gold and base metals geological environments in Eastern-Western Canada, Western USA and Kazakhstan.

***Michael Doggett***  
***Director***

Dr. Doggett has been a director since July, 2007. Dr. Doggett is the Director of the Mineral Exploration Master's Program and Associate Professor in the Department in Geological Sciences and Geological Engineering at Queen's University. He holds degrees in geology and mineral economics from Mount Allison University and Queen's University. Dr. Doggett has taught professional development seminars in exploration and project evaluation to more than 600 industry participants in a dozen countries and has carried out a range of consulting activities with mining companies, governments and international agencies. He currently sits as a Director of Murgor Resources Inc., Pacific Link Mining Corp., Inter-Citic Minerals, the Prospectors and Developers Association of Canada, and on the Committee for Earth Resources for the United States National Academy of Sciences.

***Malcolm F. Clay***  
***Director***

Mr. Clay was appointed a Director of the Company and Chairman of the Audit Committee on November 16, 2007. He devotes approximately 10% of his time to the Company's business. Mr. Clay is a Chartered Accountant (FCA) and was a partner of KPMG and its predecessor firms for 27 years, retiring in 2002. As a public accountant, he served as lead audit or concurring partner for public companies listed on AMEX, NYSE and Canadian Stock Exchanges. He was the Partner-in-Charge of the KPMG Vancouver Audit practice for ten years. In 1997, he was elected as the non-executive Chairman of KPMG Canada. During his career he acted as an accountant and advisor for numerous private companies and is currently the Chairman of the Audit Committee for four TSX Venture Exchange listed companies.

***Garnet Clark***  
***Chief Financial Officer***

Mr. Clark has been the Company's Chief Financial Officer since October, 2007. He devotes approximately 25% of his time to the Company's business. Mr. Clark serves as Chief Financial Officer for Minco Silver Corporation, Minco Base Metals Corporation, East Energy Corp. and Pacific Link Mining Corp. Mr. Clark, a Certified Management Accountant (CMA), is a senior executive with two decades of national and international experience in the resource sector. He was appointed to the Board of Governors for the Northern Alberta Institute of Technology (NAIT) in October of 2004 and has been the Chair of the Finance and Audit Committee since May, 2005. He has served for two decades with Sherritt International Corp. during which time he filled a number of senior positions, including 11 years as the CFO of the company's metals, oil/gas and coal businesses. Mr. Clark is also former Vice-President, Finance and Chief Financial Officer of the Luscar group of companies, Canada's largest coal company. At Luscar from 2003 – 2005, Mr. Clark helped the company achieve its status as one of the safest and most efficient coal miners in the world, while at the same time generating an overall improvement in cash flow.

***Jin (Fiona) Zhou***  
***Controller***

Ms. Zhou has been the Company's controller since September 2004. Ms. Zhou devotes approximately 30% of her time to the Company's business. She is currently a CGA Member and a CPA Member in China. Ms. Zhou is also a Certified SAP Consultant specializing in Financial Accounting and Cost Accounting and she holds a Bachelor's Degree in Commerce, majoring in Financing. Ms. Zhou has over 10 years of experience in accounting and auditing in both Canada and China. Previously she served as the accounting manager of several companies and has held several positions such as finance supervisor and senior auditor.

Directors and officers of the Company are required to file insider reports with SEDI the System for Electronic Disclosure by Insiders at [www.sedi.ca](http://www.sedi.ca) and file their reports individually. To the best of the Company's knowledge, as at April 15, 2009, the directors and officers of the Company, as a group, held approximately as a group

beneficially own, directly or indirectly, 8,041,898 common shares of the Company, representing 19% of the issued and outstanding common shares of the Company.

Of the 8,041,898 common shares a total of 2,631,667 are subject to stock options granted but not exercised and 5,300,731 common shares are held by Pacific Canada Resources Inc. Pacific Canada Resources Inc., a private company, of which Dr. Ken Cai has more than a 10% interest. The Company is required to have an audit committee, the committee members are: Robert Callander, Michael Doggett and Malcolm Clay. The Company also has a Compensation and Nominations Committee. For additional information regarding the Company's corporate governance practices and committee charters, please refer to the attached Schedules A, B, C & D.

### **Corporate Cease Trade Orders or Bankruptcies, Penalties, Sanctions or Control**

Other than as described below, to the best of the Company's knowledge, no director or officer of the Company or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- a) is, as at the date hereof, or has been, within the ten years before the date hereof, a director or executive officer of any issuer that while that person was acting in that capacity,
  - (i) was the subject of a cease trade or similar order, or an order that denied the other issuer access to any exemption under securities legislation for a period of more than 30 consecutive days;
  - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation for a period of more than 30 consecutive days;
  - (iii) or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
- b) has, within the ten years before the date hereof, become bankrupt, made a proposal under any legislation related to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

On April 9, 2009 a cease trade order was issued in response to the Company's failure to file its financial statements within the time periods mandated by National Instrument 51-102.

Ken Cai is the Chairman and a director of Pacific Link Mining Corp. (formerly Tranzcom China Security Networks Inc. ("Tranzcom")). On September 18, 2006, a cease trade order was issued against Tranzcom by the British Columbia Securities Commission. The cease trade order was issued in response to Tranzcom's failure to file its financial statements within the time periods mandated by National Instrument 51-102. As of the date of this Annual Information Form there are no cease trade orders with respect to Tranzcom and all financial statements have been filed with the necessary regulatory authorities.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

## **Conflicts of Interest**

Some of the directors and officers of the Company are also directors or officers of other reporting and non-reporting issuers who are engaged in other natural resource exploration and development, pharmaceutical industry, wastewater management technology and other industry sectors. Accordingly, conflicts of interest may arise which could influence the decisions or actions of directors or officers acting on behalf of the Company.

The Company is not aware of any conflicts of interest between the Company and any of its directors and officers as of the date of this Annual Information Form.

## **LEGAL PROCEEDINGS**

The Company is not a party to any outstanding legal proceedings, and the directors of the Company do not have any knowledge of any contemplated legal proceedings that are material to the business and affairs of the Company.

## **PRINCIPAL SHAREHOLDERS**

As of April 15, 2009, there were 43 shareholders with addresses in the United States holding 4,640,520 of the Company's issued and outstanding common shares. To the knowledge of the Company, and except as disclosed herein, the Company is not directly or indirectly owned or controlled by another corporation(s) or by any foreign government. As disclosed below, Pacific Canada Resources Inc., a private company controlled by a director and a former director of the Company, as at April 15, 2009, owned 5,360,731 common shares or 12% of the issued and outstanding shares of the Company's common stock.

The following table sets forth, as of April 15, 2009, information with respect to (i) any person who is known to the Company to be the owner of more than 5% of any class of the Company's outstanding voting securities and (ii) the total amount of any class of the Company's voting securities owned by the officers and directors as a group.

<b>Title of Class</b>	<b>Identity of Holder</b>	<b>Amount Owned</b>	<b>Percent of Class <sup>(1)</sup></b>
Common shares	Ken Cai	6,510,231 <sup>(2)(3)</sup>	11%
Common shares	All directors and Officers as a group	8,041,898 <sup>(3)(4)</sup>	14%

### **Notes:**

- (1) Based on the issued and outstanding shares of the Company.
- (2) Of this amount, 5,360,731 are held by Pacific Canada Resources Inc. Dr. Ken Cai, a director and officer of the Company, beneficially owns more than 10% of Pacific Canada Resources Inc., a private company. Also includes options to purchase 1,100,000 common shares.
- (3) Includes Dr. Ken Cai's beneficial interest in common shares owned by Pacific Canada Resources, Inc. 5,360,731, and direct holdings of directors. The total includes stock options granted.
- (4) Of the 8,041,898 common shares, a total of 2,631,667 are subject to stock options granted but not exercised.
- (5) Mr. Arthur Richards Rule owns, either directly or indirectly, or controls and directs these shares, by a combination of direct and indirect ownership, limited partnerships, corporations and a family trust.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

During the years ended December 31, 2007, 2006 and 2005, the Company paid to Sinowin Investments Inc., a consulting company controlled by Dr, Ken Cai, a total of \$119,062,50, \$170,300 and \$214,505, respectively, for management services, property investigation, geological consulting, and bonuses for arranging financing. The Company believes that the consulting agreement with Sinowin Investments Inc. and Dr. Cai, are on terms as favorable as could be obtained from an unaffiliated third party.

### TRANSFER AGENTS AND REGISTRARS

The Company's registrar and transfer agent of the common shares is Computershare Trust Company of Canada, 510 Burrard Street, Vancouver, B.C., V6C 3B9, telephone 604-661-0224, facsimile 604-661-9401 or at [www.computershare.com](http://www.computershare.com).

### MATERIAL CONTRACTS

The only material contracts not in the ordinary course of business entered into by the Company during the financial year ended December 31, 2008, or in prior years that are still in effect are:

DATE	DOCUMENT	PARTY	REFERENCE TO:
March 24, 2004	Amending agreement	Between the Company and Exploration and Development Institute of Land and Resources of Inner Mongolia	Mineral Properties, Gobi
April 26, 2004	Share transfer agreement	Between the Company and Shengda Group of Companies	Mineral Properties, Yangshan Western Extension
May 17, 2004	30-year joint venture agreement	Between the Company, Guangdong Geological Exploration and Development Corporation, Zhuhai Zhenjie Developments Ltd. and Foshan Baojiang Nonferrous Metals Corporation	Mineral Properties, Changkeng Gold Deposit
May 26, 2004	30-year joint venture agreement	Guangdong Geological Exploration and Development Corporation	Mineral Properties, Fuwan silver property
August 20, 2004	Assignment Agreement	Between Minco Gold Corporation, Minco China, Minco BVI and Minco Silver Corporation	Mineral Properties, Fuwan silver property
September 28, 2004	Joint venture contract	Between Minco Silver and Guangdong Geological Exploration and Development Corp.	Mineral Properties, Fuwan silver property
January 1, 2007	Cost Sharing Agreement	Between Minco Silver Corporation, Minco Gold Corporation, Tranzcom China Security Networks Inc. and Aquasol Envirotech (Canada) Inc.	
October 4, 2004	Strategic alliance agreement	Between the Company, Minco Silver and Silver Standard	Mineral Properties, Fuwan silver property
December 18, 2004	Joint venture agreement	Between the Company and Gansu Qinqi Mining Co. Ltd.	Mineral Properties, Yangshan Western Extension
May 2, 2005	Confirmation Agreement	Between Minco Silver Corporation, the Company and Minco China	Mineral Properties, Fuwan silver property
August 24, 2006	Second Confirmation Agreement dated	Between Minco Silver Corporation, the Company and Minco China	Mineral Properties, Fuwan silver property
June 6, 2007	Arrangement Agreement	Between the Company, Minco Base Metals Corporation and 0791852 B.C. Ltd.	Plan of Arrangement and spin-off of White Silver Mountain project.
November 7, 2007	Arrangement Amending	Between the Company and Minco Mining & Metals Corporation (formerly Minco Base	Plan of Arrangement and spin-off of White Silver Mountain



	Agreement	Metals Corporation) and Minco Base Metals Corporation (formerly 0791852 B.C. Ltd.)	project.
January, 2005 – December 31, 2007	Various Stock Option Agreements	Various stock options agreements dated between January 1, 2005 and December 31, 2007 between the Company and certain directors, officers, consultants and employees of the Company	

The consulting agreements in connection with remuneration to certain members of management are described in “Interest of Management and Others in Material Transactions”.

### **INTERESTS OF EXPERTS**

The following persons and companies have prepared or certified a statement, report or valuation on behalf of the Company as follows during the twelve months ended December 31, 2008, and to the date of this Annual Information Form: (i) Ernst & Young LLP, Chartered Accountants, prepared an audit report as auditors of the Company, in connection with the audit of the Company’s annual financial statements for the year ended December 31, 2008; and (ii) P&E Mining Consultants Inc. (“P&E”) prepared an updated NI 43-101 resource estimate technical report on the Company’s Changkeng Gold Project, Guangdong Province, China.

To the best of the Company’s knowledge, the above party (P&E) had no direct or indirect interest in any securities or properties held by the Company while they were preparing these reports or at the date of this report. Mr. Li, Chief geologist for the Changkeng Gold Project, Mingzhong Company, assisted the independent consultants on site visits. Dwayne Melrose, VP Exploration for Minco Gold and Ruijin Jiang, consulting geologist, assisted P&E in collecting data for the technical report.

### **PROMOTERS**

Dr. Ken Cai, President, is considered to be the promoter of the Company. Dr. Cai’s interest in the Company is outlined in greater detail in “Interest of Management and Others in Material Transactions.”

### **AUDIT COMMITTEE**

The following are the members of the Company’s audit committee:

Malcolm Clay <sup>(1)</sup>	Independent <sup>(2)</sup>	Financially Literate <sup>(3)</sup>
Michael Doggett	Independent <sup>(2)</sup>	Financially Literate <sup>(3)</sup>
Robert M. Callander	Independent <sup>(2)</sup>	Financially Literate <sup>(3)</sup>

- (1) Mr. Clay is currently the Chairman of the Audit Committee.
- (2) A member of an audit committee is independent if the member has no direct or indirect material relationship with the Company, which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member’s independent judgment.
- (3) An individual is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

#### *Audit Committee Oversight*

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

#### *Reliance on Certain Exemptions*

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of MI 52-110 (*De Minimis Non-audit Services*), or an exemption from MI 52-110, in whole or in part, granted under Part 8 of Multilateral Instrument 52-110.

*Pre-Approval Policies and Procedures*

The Committee has adopted specific policies and procedures for the engagement of non-audit services as described above under the heading "External Auditors".

*External Auditor Service Fees (By Category)*

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees (\$)</b>	<b>Audit Related Fees (\$)</b>	<b>Tax Fees (\$)</b>	<b>All Other Fees (\$)</b>
December 31, 2007	125,000	-	1,200	-
December 31, 2006	80,000	-	3,800	-

**ADDITIONAL INFORMATION**

Additional information on Minco Gold Corporation may be found on the Company's website at [www.mincomining.ca](http://www.mincomining.ca) and on SEDAR at [www.sedar.com](http://www.sedar.com) and on EDGAR at [www.sec.gov](http://www.sec.gov). Additional information is also provided in the Company's consolidated financial statements for the fiscal year ended December 31, 2007 and management discussion and analysis for the year ended December 31, 2007 as filed with SEDAR. The Company will provide to any person, or company, upon request to the corporate secretary of the Company, copies of the following documents:

- a) when the securities of the Company are in the course of a distribution under a preliminary short form prospectus or a short form prospectus.
  - i) one copy of this Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference herein;
  - ii) one copy of the comparative audited consolidated financial statements of the Company for its most recently completed financial year together with the accompanying report of the auditor and one copy of any interim financial statement of the Company issued subsequent to the financial statements of its most recently completed financial year;
  - iii) one copy of the proxy information circular of the Company in respect of its upcoming annual meeting of the shareholders that involves the election of directors or one copy of any filing prepared in lieu of that information circular as appropriate; or
- b) at any other time, one copy of any other documents referred to in paragraphs a) (i) (ii) and (iii) above, providing the Company may require the payment of a reasonable charge if a person who is not a security holder of the Company makes the request.

The above documents can be obtained upon request to the Corporate Secretary of the Company as follows:

Minco Gold Corporation  
 Suite #2772, 1055 West Georgia Street,  
 Vancouver, British Columbia,  
 Canada, V6E 3P3  
 Telephone 604-688-8002 and Fax (604) 688-8030  
 Email: [info@mincomining.ca](mailto:info@mincomining.ca) or at [www.mincomining.ca](http://www.mincomining.ca)

## SCHEDULE "A"

### MINCO GOLD CORPORATION

#### CORPORATE GOVERNANCE CHARTER

In accordance with the disclosure requirements of Toronto Stock Exchange and using the Corporate Governance Guidelines set out in Section 474 of the Toronto Stock Exchange Company Manual as a reference (the "Guidelines"), the Board of Directors of the Company has adopted the following statement of corporate governance practices:

1. The Board acknowledges its responsibility for the stewardship of the Company in the following ways:
  - (i) The Board participates in strategic planning by considering and, if deemed appropriate, adopting plans proposed and developed by management, with management having the primary responsibility for developing a strategic plan.
  - (ii) The Board considers the risks inherent in the mining industry and receives periodic assessments from management as to these risks and the Company's strategies to manage these risks.
  - (iii) The Board reviews the personnel needs of the Company from time to time, having particular regard to succession issues relating to senior management. The training and development of personnel is generally left to management.
  - (iv) The Board assesses from time to time how effectively the Company communicates with shareholders, but does not have a formal communication policy.
  - (v) The Board, through the Audit Committee and in conjunction with its auditors, assesses the adequacy of the Company's internal control and management information systems.

The foregoing does not and is expressly not intended to alter, affect or expand in any way the legal duties of the directors to manage or supervise the management of the affairs and business of the Company.

2. The Guidelines define an "unrelated director" as a director who is independent of management and is free from any interest and any business or other relationship which could, or could be perceived to, materially interfere with the director's ability to act with a view to the best interests of a corporation, other than interests and relationships arising from shareholdings. The Guidelines further state that if the Company has a "significant shareholder", the board should include a number of directors who do not have interests in or relationships with either the corporation or the significant shareholder. The Company does not have a "significant shareholder" which, as defined by the Guidelines, is a shareholder with the ability to exercise a majority of votes for the election of the board of directors. The entrepreneurial nature of the Company, and the current stage of the Company's development, make it appropriate for the Board to be composed of the present number and composition of directors, and the Board believes that when balanced against the attendant increase in cost to the Company and possible reduction in the efficiency with which decisions are made, it would not be warranted to significantly increase the size of the Board or change the Board's composition at this time.
3. The Board has not constituted a nominating committee to propose new Board nominees and for assessing directors' performance as the Company is too small to justify a formal process in this regard. However, the Board as a whole from time to time discusses potential candidates for the Board.
4. For the reasons cited in 3 above, the Board has not constituted a committee to assess the effectiveness of the Board as a whole or the contribution of individual directors.
5. The Company does not have a formal process of orientation and education for new members of the Board as some senior Board members currently have considerable experience as members of the boards of other public companies.

6. The Board has considered its size with a view to the impact of size upon its effectiveness and has concluded that the number of directors as presently constituted is appropriate for the Company given the complexity and current stage of development of the Company's business. The Board as presently constituted includes considerable experience in the mining industry and generally in the resource sector as well as financial experience.
7. Board members are presently compensated in the manner described under "Executive Compensation" and the Board has determined that the level of compensation is appropriate having regard to the responsibilities and risks associated with Board membership and the compensation provided to Boards of similar companies.
8. The Board of Directors has expressly assumed the responsibility for developing the Company's approach to governance issues and in responding to governance guidelines.
9. The Company has not formally developed position descriptions for the Board and the Chief Executive Officer. However, the Board is satisfied that senior management is fully aware of their responsibilities and those matters which are within their mandate.
10. The Board has functioned, and is of the view that it can continue to function, independently of management as required. The Board has not met without management present, given management representation on the Board and given that in view of the size of the Company and the nature of its business, it is essential that those having an intimate knowledge of the Company's operations be present during important Board discussions. Notwithstanding the foregoing, if the Board believed it was appropriate and meaningful, it would formalize a process whereby the Board could meet in the absence of management for the handling of the Board's overall relationship with management.
11. The Audit Committee is composed of two outside and unrelated directors and one inside and related director. The roles and responsibilities of the Audit Committee have been specifically defined and include responsibility for overseeing management reporting on internal control. The Audit Committee has direct communication channels with the external auditors. The external auditors report directly to the Audit Committee. Due to its size, the Company has no formal internal audit process. The Audit Committee also recommends to the Board the external auditor to be nominated for the purpose of preparing or issuing an auditor's report, as well as the compensation to be paid to the external auditor.
12. The Board has not adopted a formal system which would enable an individual director to engage an outside advisor at the expense of the Company. If such an engagement were deemed appropriate, it is anticipated that such a request would be brought by the particular director to the Board for consideration.

*IN ADDITION TO THE FOREGOING CORPORATE GOVERNANCE PRACTICES, THE COMPANY HAS ALSO ADOPTED A COMMUNICATIONS POLICY. BOTH THE TORONTO STOCK EXCHANGE (THE "TSX") AND THE VARIOUS PROVINCIAL SECURITIES COMMISSIONS ENCOURAGE COMPANIES TO ADOPT THEIR OWN INTERNAL COMMUNICATIONS POLICIES (THE "COMMUNICATIONS POLICY"). TO FACILITATE THIS, THE TSX AND THE CANADIAN SECURITIES ADMINISTRATORS (THE "CSA") HAVE ISSUED SIMILARLY-WORDED GUIDELINES – THE FORMER IS FOUND IN PART IV(B) "TIMELY DISCLOSURE" OF THE TSX COMPANY MANUAL; THE LATTER IN NATIONAL POLICY 51-201, "DISCLOSURE STANDARDS". THE COMPANY'S COMMUNICATIONS POLICY INCORPORATES THE AFOREMENTIONED TSX AND CSA GUIDELINES.*

The Communications Policy is presented for reading by all directors, officers and employees of the Company and its subsidiaries with access to strategic or material non-public information involving the Company and its affairs. The Policy covers all employees of the Company, its Board of Directors, those authorized to speak on its behalf and all other insiders. It covers disclosures in documents filed with the securities regulators, financial and non-financial disclosure, including management's discussion and analysis and written statements made in the Company's annual and quarterly reports, press releases, letters to shareholders, presentations by senior management and information contained on the Company's web site and other electronic communications. It extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls.

The Communications Policy also explains the Company's policies with respect to confidentiality of information and rules that must be followed when buying or selling the Company shares. The onus for complying with the Communications Policy and the relevant insider trading and other rules is on each director, officer, employee and insider of the Company

The Communications Policy also contains the Company's "whistleblower" policies. Each employee is expected to report situations in which he or she suspects fraud or is aware of any internal control weaknesses. In addition, weaknesses in the internal control procedures of the Company that may result in errors or omissions in financial information, or that create a risk of potential fraud or loss of the Company's assets, are expected to be brought to the attention of both management and the Board of Directors. To facilitate the reporting of suspected fraud, it is the policy of the Board of Directors that employees have anonymous and direct access to the Chair of the Audit Committee. In addition, it is the policy of the Board that employees concerned about reporting internal control weaknesses directly to management are able to report such weaknesses to the Board anonymously. In this case, the employee should follow the same procedure detailed above for reporting suspected fraud.

## **SCHEDULE “B”**

### **MINCO GOLD CORPORATION**

#### **CODE OF ETHICS BOARD OF DIRECTORS AND OFFICERS**

##### ***Introduction***

Our board of directors has adopted a code of ethics to provide principles for the purpose of promoting:

- honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- full, fair, accurate, timely, and understandable disclosure in reports and documents that we file with, or submit to, the Securities and Exchange Commission and in other public communications;
- compliance with applicable governmental laws, rules and regulations;
- the prompt internal reporting of violations of our code of ethics; and
- accountability for adherence to our code of ethics.

Our code of ethics applies to our chief executive officer and other senior financial officers performing similar functions as these individuals are responsible for our financial management and satisfying our reporting requirements to securities commissions, stock exchanges and shareholders as well as reporting to our board of directors. In our code of ethics these individuals are referred to as “you”.

##### ***Principles***

1. You shall act with honesty and integrity in the performance of your duties, shall comply with all laws, rules and regulations of federal, provincial, state and local governments and other private and public regulatory agencies that affect the conduct of our business and our financial reporting.
2. You are responsible for full, fair, accurate, timely and understandable disclosure in the reports and documents that we file with, or submit to, the Securities and Exchange Commission and in our other public communications. Accordingly, each of you is responsible for promptly bringing to the attention of the chairman of the board any material information of which you may become aware that affects our disclosure in our public filings.
3. You shall promptly bring to the attention of the chairman of the board any information you may have concerning evidence of a material violation of the securities or other laws, rules or regulations applicable to us and the operation of our business or any violation of this Code of Ethics. In either event, any reporting is confidential and you are protected from retaliation.
4. You shall promptly bring to the attention of the chairman of the board any information you may have concerning (a) significant deficiencies in the design or operation of internal controls which could adversely affect our ability to record, process, summarize and report financial data or (b) any fraud, whether or not material, that involves management or other employees who have a significant role in our financial reporting, disclosures or internal controls.
5. You must avoid any personal activity or association that could appear to influence your judgment or affect our best interests. You shall promptly bring to the attention of the chairman of the board any information you may have concerning any actual or apparent conflicts of interest between personal and professional relationships, involving any management or other employees who have a significant role in our financial reporting, disclosures or internal controls.

##### ***Violations and Waivers***

Our chairman of the board is to advise the board of directors in writing of all violations of this code of ethics reported to him.

Our board of directors is to determine, with or without the advice of others, appropriate actions to be taken in the event you violate this code of ethics. These actions shall be reasonably designed to deter wrongdoing and to promote accountability for adherence to this code of ethics and may include actions ranging from: (a) writing notices to the individual involved that the Board has determined that there has been a violation to (b) termination of the individual's employment.

In determining what action is appropriate in a particular case, the board of directors will take into account all relevant information, including the nature and severity of the violation, whether the violation was a single occurrence or repeated occurrences, whether the violation appears to have been intentional or inadvertent, whether the individual in question had been advised prior to the violation as to the proper course of action and whether or not the individual in question had committed other violation in the past.

No waivers of any provision of this code of ethics may be made except by the board of directors. Only the board of directors may amend this code of ethics. Any waiver or amendment shall be reported as required by law or regulation.

## SCHEDULE "C"

### MINCO GOLD CORPORATION

#### NOMINATING COMMITTEE CHARTER

##### **Purpose**

The purpose of the Nominating Committee shall be to:

- (a) assist the Board of Directors of Minco Gold Corporation (the "Company"), on an annual basis, by identifying individuals qualified to become Board members, and to recommend to the Board the director nominees for the next annual meeting of shareholders;
- (b) assist the Board in the event of any vacancy on the Board by identifying individuals qualified to become Board members, and to recommend to the Board qualified individuals to fill any such vacancy; and
- (c) recommend to the Board, on an annual basis, director nominees for each Board committee.

##### **Committee Membership**

The members of the Committee shall be appointed by the Board of Directors. The Committee shall be composed of not less than three members of the Board.

The Chairman of the Committee shall be designated by the Board of Directors. Nominating Committee members serve at the pleasure of the Board, and Committee members may be replaced by the Board.

##### *Independence*

The members of the Nominating Committee must be "independent" of the Company as defined in *National Instrument 58-101 - Disclosure of Corporate Governance Practices*. A Nominating Committee member is independent if he or she has no direct or indirect material relationship with the Company. A "material relationship" includes a relationship which could, in the view of the Company's Board of Directors, be reasonably expected to interfere with the exercise of a member's independent judgement.

##### **Meetings**

The Nominating Committee will meet as often as the Chair shall determine to be necessary or appropriate.

##### **Authority**

The Committee may request any officer or employee of the Company to attend a Committee meeting. The Committee shall have the authority to retain and terminate any search firm to be used to identify director candidates and shall have authority to approve the search firm's fees and other retention terms, at the Company's expense.

##### **Nominating Committee Duties and Responsibilities**

Duties and responsibilities of the Nominating Committee include:

- reviewing on a periodic basis, the composition of the Board to ensure that an appropriate number of unrelated directors sit on the Board of Directors;
- analyzing the needs of the Board of Directors when vacancies arise on the board and recommending nominees who meet such needs;
- ensuring that an appropriate selection process for new nominees to the Board of Directors is in place;



- recommending to the Board, on an annual basis, nominees for election as directors for the next annual meeting of shareholders;
- recommending to the Board the nominees for appointment to Committees of the Board on at least an annual basis;
- reviewing and assessing, annually, the Nominating Committee charter and submitting any changes deemed necessary or advisable for approval of the Board of Directors; and
- performing other functions as requested by the Board of Directors.

## SCHEDULE "D"

### MINCO GOLD CORPORATION

#### COMPENSATION COMMITTEE CHARTER

##### **Purpose**

The purpose of the Compensation Committee shall be to:

- (a) establish, review and recommend to the Board of Directors of Minco Gold Corporation (the "Company") compensation and incentive plans and programs; and
- (b) review and approve compensation and awards under compensation and incentive plans and programs for the CEO and senior officers;

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

##### **Committee Membership**

The members of the Committee shall be appointed by the Board of Directors. The Committee shall be composed of not less than three members of the Board.

The Chairman of the Committee shall be designated by the Board of Directors. Compensation Committee members serve at the pleasure of the Board, and Committee members may be replaced by the Board.

##### *Independence*

The members of the Compensation Committee must be "independent" of the Company as defined in *National Instrument 58-101 - Disclosure of Corporate Governance Practices*. A Compensation Committee member is independent if he or she has no direct or indirect material relationship with the Company. A "material relationship" includes a relationship which could, in the view of the Company's Board of Directors, be reasonably expected to interfere with the exercise of a member's independent judgement.

##### **Meetings**

The Compensation Committee will meet as often as the Chair shall determine to be necessary or appropriate.

##### **Authority and Resources**

The Committee may request any officer or employee of the Company or the Company's outside counsel to attend a Committee meeting. The Committee has the right at any time to obtain advice, reports or opinions from internal and external counsel and expert advisors and has the authority to hire independent legal, financial and other advisors as it may deem necessary, at the Company's expense, without consulting with, or obtaining approval from, any officer of the Company in advance.

##### **Compensation Committee Duties and Responsibilities**

Duties and responsibilities of the Compensation Committee include:

- reviewing and making recommendations to the Board of Directors with respect to the compensation, including compensation criteria and incentives and annual performance review, of the Chief Executive Officer, for final approval by the Board of Directors;
- reviewing and providing guidance to the Board of Directors with respect to the compensation, including compensation criteria and incentives, of the executive officers of the Company, as recommended by the Chief Executive Officer, for final approval by the Board of Directors;
- reviewing and providing guidance to the Board of Directors with respect to the compensation, including compensation criteria and incentives, of the directors of the Company;
- reviewing and making recommendations to the Board of Directors regarding other plans that are proposed for adoption or adopted by the Company for the provision of compensation to employees of, directors of and consultants to the Company;
- advising on the development of management succession plans by the Board;
- preparing an annual report on executive compensation to the shareholders of the Company for the management information circular for the annual and general meeting of the Company's shareholders;
- reviewing and assessing, annually, the Compensation Committee charter and submitting any changes deemed necessary or advisable for approval of the Board of Directors; and
- performing other functions as requested by the Board of Directors.

## SCHEDULE “E”

### MINCO GOLD CORPORATION

#### COMMUNICATIONS POLICY

The Communications Policy also explains the Company's policies with respect to confidentiality of information and rules that must be followed when buying or selling the Company shares. The onus for complying with the Communications Policy and the relevant insider trading and other rules is on each director, officer, employee and insider of the Company

The Communications Policy also contains the Company's “whistleblower” policies. Each employee is expected to report situations in which he or she suspects fraud or is aware of any internal control weaknesses. In addition, weaknesses in the internal control procedures of the Company that may result in errors or omissions in financial information, or that create a risk of potential fraud or loss of the Company's assets, are expected to be brought to the attention of both management and the Board of Directors. To facilitate the reporting of suspected fraud, it is the policy of the Board of Directors that employees have anonymous and direct access to the Chair of the Audit Committee. In addition, it is the policy of the Board that employees concerned about reporting internal control weaknesses directly to management are able to report such weaknesses to the Board anonymously. In this case, the employee should follow the same procedure detailed above for reporting suspected fraud.

The following is the Company's Communications Policy.

#### *Overview*

Both the Toronto Stock Exchange (the “TSX”) and the various provincial securities commissions encourage companies to adopt their own internal communications policies (the “Policy”). To facilitate this, the TSX and the Canadian Securities Administrators (the “CSA”) have issued similarly-worded guidelines – the former is found in Part IV(B) “Timely Disclosure” of the TSX Company Manual; the latter in National Policy 51-201, “Disclosure Standards”.

This Policy, which is current as of May 11, 2005, incorporates the aforementioned TSX and CSA guidelines. This Policy has been approved by the Board of Directors of Minco Gold Corporation (the “Company”) and must be presented for reading by all directors, officers and employees of the Company and its subsidiaries with access to strategic or material non-public information involving the Company and its affairs. The Policy covers all employees of the Company, its Board of Directors, those authorized to speak on its behalf and all other insiders. It covers disclosures in documents filed with the securities regulators, financial and non-financial disclosure, including management's discussion and analysis (“MD&A”) and written statements made in the Company's annual and quarterly reports, press releases, letters to shareholders, presentations by senior management and information contained on the Company's web site and other electronic communications.

It extends to oral statements made in meetings and telephone conversations with analysts and investors, interviews with the media as well as speeches, press conferences and conference calls. This document will explain the Company's policies with respect to confidentiality of information and rules that must be followed when buying or selling the Company shares. This document is only a summary of specific rules and regulations. If you have any questions on any issues discussed in this Policy or how you may be affected by the various securities laws, please contact the Chief Financial Officer (“CFO”), or in his absence, the Chief Executive Officer (“CEO”).

The onus for complying with the Policy and the relevant insider trading and other rules is on each director, officer, employee and insider of the Company. It is fundamental to the reputation and ongoing success of the Company that its directors, officers, employees and insiders respect and adhere to the rules and procedures outlined in this Policy.

Members of the families of the directors, officers, employees and insiders of the Company and others living with them are expected to comply with this Policy, as if they themselves were directors, officers, employees or insiders of the Company. It is in your interest that the rules and procedures outlined in this Policy are complied with fully. Failure to comply with these rules and procedures may result in disciplinary action up to and including immediate termination of employment.

1. DISCLOSURE OF MATERIAL INFORMATION

A. *Policy*

To comply with the requirements of provincial securities regulators and the TSX, and in the interests of developing and maintaining the confidence of the investing public, and in assisting the public in making informed investment decisions based on equal access to information, it is the policy of the Company to promptly disclose to the investing public, and to its other public constituencies, all material information concerning the operations and financial results of the Company other than such information as may be lawfully withheld from disclosure and only for such time as it may be lawfully withheld from disclosure.

B. *Procedure*

- (I) Information is deemed “material” and will require prompt disclosure when such information, if made public, would reasonably be expected to result in a significant change in the market price or value of any of the Company's listed securities. It is also defined as anything that a reasonable investor would consider important in assessing the Company as a potential investment. Material information consists of both material facts and material changes. Examples of material information would include quarterly results, acquisition of new assets, senior management changes, equity or debt issues, commencement or update of co-development programs, etc. In addition, the declaration of any dividend, conditional or unconditional, will be disclosed immediately upon the conclusion of the Board meeting at which the decision to declare the dividend was made and quarterly financial statements will be disclosed immediately after the Board meeting at which they were approved. The release of information pertaining to dividends and quarterly financial statements will be addressed by the CFO of the Company upon the Board's approval of such statements and dividends without further instructions or authority. The Company shall endeavor to include, where appropriate, in its press releases and other disclosure documents (i) appropriate cautionary information, especially in reference to forward-looking statements, (ii) specific time references, e.g., "as of (specific time and date rather than indefinite time references such as 'currently') no merger discussions have taken place" to minimize the duty to update, and (iii) information sufficient to answer likely questions to minimize further inquiry.
- (II) Except as mentioned in the preceding paragraph, the CEO shall determine whether or not any information pertaining to the Company is material, and whether and when it will be disclosed. In making this determination, the CEO should obtain the advice and counsel of the Board of Directors and of the Company's securities counsel. In the event of the absence or unavailability of the CEO, the responsibility for determining whether or not information is material, and whether and when it will be disclosed, will be assumed by the CFO with the advice and counsel of the Company's securities counsel.
- (III) The CEO and CFO (the “Responsible Officers”) may appoint designated spokespersons (the “Designated Spokespersons”) authorized to disclose or discuss information concerning the Company to specific groups such as the media, analysts, institutional investors and other market professionals. All other directors, officers and employees approached by these, or other parties for such information shall refer such inquiries to one or more of the Responsible Officers.
- (IV) In the event that a Responsible Officer determines that material information should be disclosed, the Responsible Officer shall cause a news release to be issued disclosing all material facts and, if the TSX is open for trading, shall advise the Market Surveillance branch of the TSX (“Market Surveillance”) of the details of the release and the proposed method of dissemination.

In the event that a Designated Spokesperson believes that material information should be disclosed, he or she should inform a Responsible Officer immediately. Where an announcement is to be made after the TSX has closed for trading, Market Surveillance should be advised of this information before trading opens the next trading day. Market Surveillance shall determine whether a halt in trading is necessary. After consulting with Market Surveillance, the Responsible Officer shall send the news release to Canada Stockwatch, Market News, Canada News Wire or other news distribution service, with a copy to Market Surveillance. Immediately following the issuance of the news release, the Responsible Officer shall seek the advice and counsel of the Company's securities counsel regarding possible filing requirements (i.e., material change reports) with the appropriate securities regulatory authorities.

(V) In the event that material information which would otherwise be required to be promptly disclosed must, for any reason, be kept secret for any length of time, the Responsible Officer, on the advice and counsel of the Company's securities counsel, shall so advise Market Surveillance and explain the reasons for such request. The Company should also discuss with securities counsel whether or not a confidential material change report should be filed. Release of the information shall thereafter be made as soon as possible, consistent with the instructions of Market Surveillance. If material information is being withheld, the Company is under a duty to take precautions to keep such information confidential (see Item #2 of this Policy – "Maintaining Confidentiality of Information"). In the event that such information or rumours thereof is divulged (other than in the necessary course of business), the Company shall immediately disclose the information to the general public in a news release prepared in accordance with this Policy.

(VI) In making material disclosure and preparing the text and content of news releases and other disclosure documents, the Responsible Officer shall observe that:

- (a) Half-truths are misleading; disclosure must include any information which, if omitted, would make the rest of the disclosure misleading;
- (b) Unfavourable information must be disclosed as promptly and completely as favourable information;
- (c) No disclosure of previously undisclosed information should be made to selected individuals or groups such as analysts, major shareholders or other market professionals including members of the financial press. If such selective disclosure is made through inadvertence, immediate general disclosure should immediately be made of the subject information through a news release prepared in accordance with this Policy;
- (d) Disclosure must be updated if earlier disclosure has become misleading as a result of intervening events;
- (e) The CFO will determine in advance what information is to be disclosed at meetings with analysts, and shall brief those officers in attendance accordingly. No material information concerning the finances or prospects of the Company is to be disclosed to analysts (in response to questioning or otherwise) before it has been released to the stock exchanges and to Canada Stockwatch, Market News, Canada News Wire or other news distribution service. If material information is to be announced at an analyst or shareholder meeting or a press conference, its announcement must be coordinated with a general public announcement by a news release; and
- (f) The CFO shall maintain a record of all public records concerning the Company, including news releases, analyst research reports, reports in the press and debriefings following meetings, conference calls or other interactions with analysts. The materials in the record shall be available to the management of the Company and will assist the Responsible Officers in determining whether any particular information is material.

## 2. MAINTAINING CONFIDENTIALITY OF INFORMATION

### A. *Policy*

No director, officer or employee in possession of non-public information concerning the technology, finances, affairs and prospects of the Company that, if generally known, could be reasonably expected to cause a significant change in the market price of the Company's stock ("Confidential Information") shall disclose such information to any person outside the Company, unless such person has been designated under this Policy, or by the CEO, to make such disclosure. In addition, no director, officer or employee disclose any such information to any person within the Company whose job duties do not require the possession of such information. Employees of the Company are permitted to disclose Confidential Information, if required to do so in the necessary course of business. This exemption from the prohibition against disclosing material non-public information, however, is not available for communications made to the media, securities analysts, institutional investors or other market professionals.

### B. *Procedure*

- (I) If any ambiguity exists as to whether or not information should be confidential, it should be discussed with the Company's CEO, CFO or securities counsel.
- (II) To limit the number of people who know about Confidential Information, the Company should limit access to only those parties who, as a function of their employment with the Company, are required to know the information. Documents containing confidential information should be clearly marked "Confidential", be stored in a secure place and code words should be used where practicable for material projects that have not been generally disclosed to the public.
- (III) Confidential matters should not be discussed in places where the discussion may be overheard. Confidential documents should not be read or displayed in public places and should be discarded via secure shredder service whenever practicable. Employees must ensure they maintain the confidentiality of information in their possession outside of the office as well as inside the office. Transmission of documents by electronic means, such as by fax or directly from one computer to another, should be made only where it is reasonable to believe that the transmission can be made and received under secure conditions.
- (IV) Before a meeting with other parties at which Confidential Information may be imparted, the other parties should be told that they must not divulge that information to any other party, other than in the necessary course of business, and that they may not trade in the Company's securities until the information is generally disclosed (see Item #3 of this Policy – "Trading by Insiders and Employees"). In addition, other parties are required to sign a copy of the Company's Non-Disclosure and Non-Competition Agreement.
- (V) Confidential Information may be disclosed if this disclosure takes place as part of the necessary course of business with, and is pertinent to, the ongoing business relationship between the Company and such parties as:
  - (a) vendors and suppliers;
  - (b) employees, directors and officers;
  - (c) lenders, legal counsel and auditors;
  - (d) parties to negotiations;
  - (e) labour unions and industry associations;
  - (f) governmental and non-governmental regulators, and
  - (g) credit-rating agencies.

In the event that there is an ambiguity as to whether or not the disclosure of certain Confidential Information is considered to be in the necessary course of business, the party responsible for the disclosure should consult the CEO or CFO, who may seek the further advice and counsel of the Company's securities counsel.

- (VI) All employees who are or who may be aware of Confidential Information (including clerical staff) must be explicitly warned to keep it confidential. More specifically:
  - (a) Employees are required to sign the Company's Non-Disclosure and Non-Competition Agreement upon commencement of their employment with the Company; and
  - (b) Employees must not disclose Confidential Information to anyone, except in the necessary course of business; Employees must not discuss Confidential Information in situations where they may be overheard; and
  - (c) Employees must not participate in discussions with others about investments in the Company.
- (VII) Directors, officers and employees of the Company should not comment on draft reports submitted to them by analysts other than identifying inaccuracies, omissions or publicly disclosed factual information that may affect an analyst's model. Those parties appointed to speak to the media, analysts, institutional investors and other market professionals should be briefed in advance to review what information is material and what information has not been publicly disclosed. Voice recordings of quarterly analyst conference calls shall be kept available for public access on a call-in basis for seven days after the call in question.

## 2. TRADING BY INSIDERS AND EMPLOYEES

### A. *Policy*

Trading in the securities of the Company (including dealings with options, futures, rights and all other securities) or the provision to other parties of information to facilitate a possible trade ("tipping") by any director, officer or employee with knowledge of undisclosed material information about the Company is strictly prohibited. In addition, in circumstances where a director, officer or employee becomes aware of undisclosed material information concerning another public company as a result of their employment with the Company, trading in the securities of such other company is similarly prohibited.

### B. *Procedure*

- (I) It is an offence for any person in a "special relationship" with the Company to trade securities of the Company while in possession of material non-public information that, if made public, could reasonably be expected to cause a significant change in the price of the Company's stock. Persons in a "special relationship" with the Company include all directors, officers and employees of the Company, plus all parties ("tippees") who learn of material information from any director, officer or employee of the Company ("tippers"), where the tippee knows or reasonably ought to have known that the tipper was in a special relationship with the Company. Directors, officers and employees are also deemed to be in a special relationship with another company (and are correspondingly prohibited from trading in the securities of said other company), if they become aware of undisclosed material information concerning the other company as a result of their employment with the Company.
- (II) Insiders are considered to have a "special relationship" with the Company on an ongoing basis. For the purpose of this Policy, the definition of "Insider" includes all directors, senior officers and greater than 10% shareholders of the Company. In order to prevent insider trading violations or any appearance of impropriety, any Insider that proposes to make a trade that may be prohibited under this Policy should obtain from the CEO or the CFO a determination as to whether or not the undisclosed information that he or she possesses is material or whether a trade may be made.



If any ambiguity exists as to whether or not a director, officer or employee should be permitted to make a trade, the matter should be discussed with the Company's securities counsel. Insiders of the Company will be required to complete and file an insider trading report within 10 days of the date that such Insider purchased or sold securities of the Company. These reports may be obtained from the CFO or the Corporate Secretary. Insiders are personally responsible for filing accurate and timely insider trading reports. Insiders are required to provide a copy of all insider reports to the Corporate Secretary, or other designated person, concurrent with their filing to regulatory authorities. There now exists a web-based on-line filing system for Insider reports ([www.sedi.ca](http://www.sedi.ca)). Failure of an Insider to file an insider trading report on a timely basis may result in a fine of up to \$1 million, imprisonment for a term of up to three years, or both. Any questions regarding filing insider trading reports should be taken up with the Corporate Secretary as early as possible.

- (III) Certain circumstances will give rise to periods of time ("Black-out Periods") during which no trading of securities is to take place at all by directors, officers and employees who are routinely (or in the special circumstances at hand) in possession of undisclosed material information ("Restricted Persons"). The imposition of Black-out Periods is to be determined and announced by the CFO and shall include periods from two weeks following the end of the first, second and third fiscal quarter, and four weeks following the end of the fourth quarter, and shall remain in effect until the second business day following release of the related financial information. A Black-out Period shall also be declared by the CFO pending the announcement of any material undisclosed development affecting the Company or following the crystallization of a material transaction involving the Company. Black-out Periods shall remain in effect until the second business day following release of the material information concerned. In declaring a Black-out Period, the CFO may stipulate whether any particular class of Restricted Person is to be fully or partially excused from the application of the Black-out Period, and the CFO may determine whether any particular reason is to be given for the imposition of a Black-out Period.
- (IV) Persons involved in the negotiation of material transactions will be held to a higher standard than other Restricted Persons as a result of their more intimate knowledge of a particular transaction. Accordingly, such persons should cease trading in the Company's securities when any material transaction comes under serious negotiation, rather than upon the imposition of a Black-out Period. If any ambiguity exists as to whether or when a transaction has come under "serious negotiation", the matter should be discussed with the Company's securities counsel.
- (V) Breaches of this Policy may constitute violation of securities laws and can cause acute embarrassment to the Company. If the Company discovers that a director, officer or employee has violated applicable securities laws, it will refer the matter to the appropriate regulatory authorities. Disciplinary action may be brought against a party who violates this Policy, which could result in termination of employment with the Company.

#### 4. FORWARD-LOOKING INFORMATION

It is the Company's policy to provide forward-looking information to enable the investment community to better evaluate the Company and its prospects. The Company will make statements and respond to inquiries with respect to, for example: revenue projections, income or loss projections, pricing and profit margin trends, significant new developments, projected demand or market potential for products. In certain circumstances, however, the Company will refrain from making specific quantifiable projections or disclosing information with respect to, for example: pricing, margins, customer identities or other information for competitive reasons. Moreover, all statements will be accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those projected in the statement.

The Company will observe the following guidelines with respect to forward-looking statements:

- The information will be clearly identified as forward looking;
- The Company will identify the material assumptions used in the preparation of the forward-looking information;

- The information will be accompanied by a statement that identifies, in specific terms, the risks and uncertainties that may cause the actual results to differ materially from those projected in the statement; and
- The information will be accompanied by a statement that the information is stated as of the current date and subject to change after that date, and the Company disclaims any intention to update or revise this statement of forward-looking information, whether as a result of new information, future events or otherwise.

Example:

Certain information included in this news release is forward-looking and is subject to important risks and uncertainties. The results or events predicted in these statements may differ materially from actual results or events. Factors which could cause results or events to differ from current expectations include, among other things: the impact of price and product competition; the ability of the Company to make acquisitions and/or integrate the operations and technologies of acquired businesses in an effective manner; general industry and market conditions and growth rates; the impact of consolidations in the telecommunications industry and stock market volatility. For additional information with respect to certain of these and other factors, see the reports filed by the Company with the B.C. Securities Commission.

The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

5. ELECTRONIC DISCLOSURE

A. *Policy*

All information disclosed by the Company electronically shall comply with the National Policy 51-201's electronic communications guidelines (sec. 6.12) to ensure that such information is timely, accurate and up-to-date.

B. *Procedure*

- (I) The Company should ensure that its investor relations information is available through its website. However, the Company must not disclose material information on its website, or distribute it by e-mail, or any other electronic manner, before it is disseminated in a news release in accordance with this Policy. Information is not considered to be generally disclosed to the public, if it only appears on the Company's website. The Company shall furthermore review and update its electronic security systems on a regular basis and shall monitor the integrity of its website to ensure that the site is accessible and has not been altered and shall regularly review, correct and update information on its website over time. It is not sufficient, for purposes of this Policy, if the information has been corrected or updated elsewhere.
- (II) The CFO is responsible for overseeing the Company's policies on electronic communications and should ensure that all information on the Company's website or published elsewhere electronically complies with applicable securities laws and the internal policies of the Company. The Company should not post any information on its website that is authored by a third party unless the information was prepared on behalf of the Company or is of a general nature and is not specific to the Company.
- (III) Employees of the Company must not engage in internet chat rooms and news groups in discussions relating to the Company, its securities or any actions taken or proposed to be taken by the Company. All employee e-mail addresses are considered, for purposes of this Policy, to be corporate addresses of the Company and all correspondence received and sent via e-mail is considered, for purposes of this Policy, to be corporate correspondence of the Company.

- (IV) The Company should not directly respond to rumours posted in news groups or chat rooms, but instead should issue a news release in accordance with the terms of this Policy. If any director, officer or employee of the Company becomes aware of a rumour in a chat room or news group or other source that may have a material impact on the price of the Company's stock, he or she should immediately contact the CEO or the CFO, who will, with the assistance of the Company's securities counsel, decide the appropriate course of action.

6. PROCEDURE FOR REPORTING OF FRAUD OR CONTROL WEAKNESSES

Each employee is expected to report situations in which he or her suspects fraud or is aware of any internal control weaknesses. An employee should treat suspected fraud seriously, and ensure that the situation is brought to the attention of the Board of Directors. In addition, weaknesses in the internal control procedures of the Company that may result in errors or omissions in financial information, or that create a risk of potential fraud or loss of the Company's assets, should be brought to the attention of both management and the Board of Directors.

To facilitate the reporting of suspected fraud, it is the policy of the Board of Directors that the employee (the "whistleblower") has anonymous and direct access to the Chair of the Audit Committee. The current Chair, Mr. Malcolm Clay, can be reached at (604) 922-6287. Should a new Chair be appointed prior to the updating of this document, the current Chair will ensure that the whistleblower is able to reach the new Chair in a timely manner. In the event that the Chair of the Audit Committee cannot be reached, the whistleblower should contact the Chair of the Board of Directors. Access to the names and place of employment of the Company's Directors can be found in the Company's website. In addition, it is the policy of the Board that employees concerned about reporting internal control weaknesses directly to management are able to report such weaknesses to the Board anonymously. In this case, the employee should follow the same procedure detailed above for reporting suspected fraud.