MINCO GOLD CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2012

This Management's Discussion and Analysis ("MD&A") of Minco Gold Corporation ("we", "our", "us", "Minco Gold" or the "Company") has been prepared on the basis of available information up to March 28, 2013, should be read in conjunction with the audited consolidated financial statements and notes thereto prepared by management for the years ended December 31, 2012 and 2011. The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Except as noted, all financial amounts are expressed in Canadian dollars. All references to "$" and "dollars" are to Canadian dollars, all references to "US$" are United States dollars and all references to "RMB" are to Chinese Renminbi. Refer to Note 3 of the December 31, 2012 audited consolidated financial statements for disclosure of the Company's significant accounting policies.

The Company's audit committee reviews the consolidated financial statements and MD&A, and recommends approval to the Company's board of directors.

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

The Company's subsidiaries are as follows:

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

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

As at December 31, 2012, The Company owned a 22.02% equity interest in Minco Silver Corporation ("Minco Silver"), a publicly traded company listed on the Toronto Stock Exchange, which holds title to the Fuwan Silver Project located in China.

Additional information, including the audited consolidated financial statements for the year ended December 31, 2012 and annual report on Form 20-F for the same period, is available under the Company's profile on SEDAR at www.sedar.com.

As at the date of this MD&A, the Company had 50,379,715 common shares and 7,330,667 stock options outstanding, for a total of 57,710,382 common shares outstanding, on a fully diluted basis.

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1. Highlights for the Year

The Yejiaba Project was the focus of the Company's exploration efforts during 2012. During the year, the Company completed an extensive surface trenching program at the Shajinba target on the Yejiaba project, including 72 trenches for an aggregate length of 2,396.3 meters and three diamond drill holes for an aggregate total of 1,260.2 meters. In addition, the Company discovered a mineralized zone in the center part of the Shajinba-Baimashi Gold Trend on the Yejiaba project during the third quarter of 2012.

The Company also sold two exploration permits in Xicheng East for a total of RMB 2.8 million and recognized a gain of $442,796 (RMB 2.8 million) on the disposition.

On March 25, 2013, Minco China settled its claim against the 208 Exploration Team ("the 208 Team") relating to the Joint Venture Agreement ("JV Agreement") for a settlement amount of RMB 14 million ($2.3 million). Minco China has received RMB 5 million ($822,368) and the remaining balance is expected to be received by the end of 2013. Refer to section 2.4 of this MD&A respecting the Tugurige Gold project for additional information.

2. Mineral Properties and Equity Investment in Minco Silver

The following is a brief discussion of the properties that Minco Gold holds through its subsidiaries and its equity investment in the Fuwan Silver Project of Minco Silver. Information of a technical or scientific nature respecting the Company's mineral properties ("Technical Information") is primarily derived from the documents referenced herein. Technical Information which appears in this MD&A has been reviewed and approved by Thomas Wayne Spilsbury, an independent director of Minco Silver, in which the Company owned a 22.02% equity interest as at December 31, 2012. Mr. Spilsbury is a Member of the Australian Institute of Geoscientists and a Fellow of the Australasian Institute of Mining and Metallurgy CP (Geo) and is a "qualified person", as defined in NI 43-101. The Company operates quality assurance and quality control of sampling and analytical procedures.

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

2.1 Longnan Projects

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

Exploration Activities - Longnan Region Projects

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

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

Yangshan: Includes five exploration permits located in the northeast extension of the Yangshan gold belt and its adjacent area. The primary potential in this area is for gold.

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

Minco China entered into two agreements with FengxianXin Kun Mining Corporation ("FXKM") in September 2010 and March 2012, respectively, pursuant to which the Company agreed to sell two exploration permits in Xicheng East for a total of RMB 2.8 million ($442,796). As at September 30, 2012, the Company recognized a gain of $442,796 upon the receipt of approval from the Ministry of Land and Resource ("MOLAR") to transfer legal titles of the two exploration permits to FXKM.

Yejiaba Project

The Yejiaba Project was the focus of the Companies exploration efforts during 2012.

Semi-regional geochemical anomalies were first delineated by the Company in 2005, extending 10 km along a hydrothermally altered zone that follows a NE trending thrust and regional unconformity. Subsequent work between 2006 and 2012 has included traverse-line investigations, soil sampling, geologic mapping, geophysical surveys (ground magnetic and IP), trenching and drilling.

To date several targets have been identified and tested including: Shanjinba (Zone 1 and 2), Yaoshang, Fujiawan Baimashi (Zone 1 and 2), Bailuyao, Baojia and Paziba. The Company continues to conduct exploration programs designed to further test the mineralization at these targets and identify new targets.

The Yejiaba Project is located along the collisional boundary separating the Huabei and Yangtze Precambrian cratons. This major E-W trending collision zone has localized a number of large gold and polymetallic deposits within a geologic province that is often referred to as the Qinling Orogenic Belt.

Gold and polymetallic mineralization on the Company's lease package is generally hosted in Silurian-Devonian, thin-bedded limestone interbedded with phyllite. Mineralization is associated with shears and quartz veins, with higher grades typically found along sheared contacts separating massive limestone from the thin-bedded limestone and phyllite unit. Granite porphyry and quartz diorite dykes tend to be spatially associated with mineralization. Alteration accompanying mineralization consists of weak silicification and pyritization with carbonate veining and secondary carbon. Small quartz veinlets are noted in several places. Associated metals consist of silver, lead, antimony and arsenic.

Shajinba Target

Between April and July 2010, the Company carried out induced polarization (IP) and resistivity surveys at Shajinba over an area of approximately 4.3 km^2. A total of 73.95 line km of ground magnetics was also completed on 10m and 20m spacing.

Altered and mineralized boulders were discovered approximately 500 m southeast of the main mineralized zones. One grab sample returned 31.55g/t gold ("Au") and 66.0g/t silver ("Ag"). The best grab samples taken from outcrops returned 0.26, 0.23 and 0.06g/t Au with corresponding silver content of 155.0, 2.0 and 455.0 Ag g/t. Several grab samples were taken 100 m NE and two of them returned 37.0 g/t Ag and 833.0 g/t Ag. The most significant result achieved on the Shajinba target during the second half of 2010 was the discovery of polymetallic mineralization associated with the silver zone. The new zone is hosted by massive limestone and consists of massive lead mineralization in the central part and veinlets of galena in contact zones. Observed length of the mineralization is approximately 350.0 m, width varies from 5 m to 25 m. Trenching was performed in 2010 over the silver, antimony and iron rich polymetallic mineralization with spacing between trenches from 80 m to 120 m.

The geochemical soil sampling highlighted numerous gold anomalies over an area of 700 m long by 100 m wide. The anomalies are open along strike to the East. Trenching in the area revealed a 5 m wide zone of silicification with arsenopyrite, galena and stibnite. Mineralization is controlled by a regional thrust fault zone dividing phyllite in the foot wall and conglomerate in the hanging wall. Significant channel sample results from the 2010 trenching program are highlighted as follows:

Trench ID	Au (g/t)	Ag (g/t)	Length (m)	Comments
Shajinba Zone 1				
YJB-10-14	5.58	47.1	4.7	Silicification with limonite, arsenopyrite
YJB-10-20	1.63	0.5	2.0	Silicification with pyrite, arsenopyrite
YJB-10-29	3.56	7.1	4.3	Silicification with hematite, limonite
YJB-10-35	1.18	4.6	3.0	Silicification with hematite, pyrite
YJB-10-36	1.12	-	1.0	Silicification with hematite, pyrite

During 2011, drilling totaled 2,829.02 m, covering an area of 1000 m by 400 m. Drill holes spacing ranged from 250 m to 400 m, depths ranged from 288.03 m to 501.4 m, targeting two zones trenched during 2009 and 2010.

Drill results returned lower gold values than surface trenching but provided verification of the structural interpretation based on surface work and geophysical surveys and discovered several significant mineralized intersections at depth.

Drill hole SJB-003A: in an area with no surfical signs of mineralization, due to conglomerate cover, intersected a wide fault zone comprised of black carbonaceous phyllite and tectonic gouge with numerous dykes of porphyry granite to quartz diorite, a portion of which averaged 0.13g/t Au over 43.56 m. Additional drilling in the vicinity may lead to a wide ore-grade zone of mineralization.

Drill hole SJB-005: within a polymetallic mineralization, intersecting a pure hematite vein in massive limestone. Iron content averaged 61.5% over 2.29 m. The vein was traced on surface for 200 m at similar grade and width. The drill intersection doubled its strike extension to 400 m. The vein is open down-dip and along strike to the East.

The following table provides more details of the drilling completed at the Shajinba Target in 2011:

Hole-ID	Location, Azimuth & Dip	Down Hole Depth (m)		Width (m)	Average Grade			Alteration
		From	To		Au g/t	Ag (g/t)	Fe (%)	
Shajinba Zone 1								
SJB-001	371933N 18505408E Az 163, Dip -65	No mineralized intersection			-	-	-	Brecciation in phyllitic limestone, calcareous phyllite
SJB-002	371929N 18505088E Az 171, Dip -65	No mineralized intersection			-	-	-	Brecciation in phyllitic limestone, calcareous phyllite
SJB-003A	371946N 18505233E Az 173, Dip -71.8	287.57	331.13	43.56	0.13	-	-	Granite dykes and phyllite with quartz-carbonate veinlets
Shajinba Zone 2								
SJB-004	371967N 18504817E Az 193, Dip -69	117.02	118.12	1.10	1.38	-	-	Brecciated and silicified dyke of granite
		348.7	350.7	2.0	0.40	-	-	Calcite with limonite in massive limestone
SJB-005	371971N 185049E Az 180, Dip -65	104.96	107.25	2.29	-	-	61.50	Massive hematite in massive limestone
		293.99	294.99	1.00	0.60	-	-	Brecciated and limonitized dyke of granite
		302.76	308.76	6.00	0.17	-	-	Thin bedded phyllitic limestone with hematite in rock matrix
SJB-006	371971N 18504954E Az338, Dip-60	21.47	26.13	4.66	0.22	12.2	-	Quartz-carbonate veining with pyrite in brecciated granite and limestone
SJB-007	371976N 18504634E Az 183, Dip -55	118.35	119.57	1.22	0.66	-	-	Silicified dyke of granite
		125.57	126.87	1.30	0.57	-	-	

During 2012, the Company completed an extensive surface trenching program at the Shajinba target on the Yejiaba project including 72 trenches for an aggregate length of 2,396.3 m and three diamond drill holes for an aggregate total of 1,260.2 m.

A zone of significant silver and gold mineralization was located at the polymetallic portion of the Shajinba Zone. Mineralization was spatially associated with a dyke of granite with superimposed calcite, pyrite and hematite alteration. Host rock is thin-bedded argillaceous limestone. The zone was traced with trenches over the length of 300.0 m and width of mineralization varies from 4.6 m to 6.2 m. The most important finding was that the mineralization was very continuous and contained no breaks within the tested portion of the zone.

Significant trenching results at Shajinba during 2012 are summarized in the following table.

Trench ID	Au (g/t)	Ag (g/t)	Length (m)	Comments
Shajinba Zone 1				
YJB-12-03	0.22	0.2	6.0	A zone of calcitization and pyritization
YJB-12-04	-	-	2.8	56.6% Fe, 2.06% Mn over 2.8 m, a hematite vein
YJB-12-05	0.46	36.3	1.0	Granite dyke
YJB-12-06	0.18	0.2	12.0	A zone of calcitization and pyritization
YJB-12-07	2.08	6.9	1.0	A dyke of granite with weak limonitization
Shajinba Zone 2				
YJB-12-11	0.48	7.0	4.6	five channel samples
YJB-12-12	0.42	97.9	4.8	Including 0.45g/t Au and 322.0g/t Ag over 1.4 m (four channel samples)
YJB-12-19	1.05	45.7	6.2	Including 1.14g/t Au and 256.0g/t Ag over 1.0 m (six channel samples)
YJB-12-25	0.37	276.0	1.0	One channel sample
YJB-12-27	1.31	0.7	1.0	One channel sample

During the second quarter of 2012, drill hole SJB-008 was completed to 350.0 m down hole length. It was designed to test the mineralized zone between the surface intersection in trench YJB-10-14 which returned 0.75g/t Au over 43.7 m, including 5.58g/t Au over 4.7 m, and the drill intersection in hole SJB-003A which is located 300 m in down-dip direction and returned 0.13g/t Au over 43.6 m, including 0.31g/t Au over 4.6 m. The drill hole intersected a 33.0 m wide zone of granite dykes in carbonaceous calcareous phyllite with weak to moderate silicification and calcitization and moderate to strong pyritization. Pyrite content generally varies from 1% to 5% and reached 15% in a single 2.0 m wide interval. The best result averaged 0.83g/t Au over 2.08 m down hole length.

During the fourth quarter of 2012, two drill holes were completed at Shajinba Zone 2 (SJB-009 and SJB-010), the polymetallic portion of the Shajinba mineralized system: Hole SJB–009 did not find any significant mineralization. Hole SJB-010 intersected a zone of calcification and pyritization over the down hole interval from 92.36m to 115.56m and returned 0.38g/t Au over 1.0 m and 39.03g/t Ag over 4.0 m.

Baimashi Target

During the 2011 exploration program, the Baimashi gold-antimony target was discovered on the boundary between Weiziping-Baimashi and Shajinba-Yangjiagou permits. Baimashi is located 3 km west of the Shajinba Target, on the same structural trend. It possesses numerous occurrences of gold and antimony, clustered in four zones (Zone 1 to 4), exploration to date has focused on Zone 1 and 2.

In 2011, six trenches were excavated on Baimashi Zone 1 and twelve trenches excavated on Baimashi Zone 2. Zone 1 mineralization is hosted in massive limestone and tends to be concentrated along contacts with granite porphyry dykes. Zone 2 gold mineralization is primarily hosted in thinly-bedded limestone and phyllite units on the north side of a northeast trending fault contact with massive limestone.

A single drill hole BLY-001 tested some weak mineralization encountered in the trenches but didn’t return any significant results.

Widely spread grab samples returned gold values between 5.0Au g/t to 50.0Au g/t and antimony content was up to 15.0%. Mineralized intersections in the trenches were sampled with 5 cm deep by 10 cm wide and generally 1 m long channel samples.

Significant trenching results at Baimashi during 2011 are summarized in the following table.

Trench ID	Au (g/t)	Length (m)
Baimashi Zone 1		
YJB-11-03	4.41	2.0
YJB-11-04	3.62	6.4
YJB-11-04	2.26	1.2
YJB-11-06	0.53	6.0
Baimashi Zone 2		
YJB-11-116	11.82	3.5

Between October and November 2011 the Baimashi Target area was tested with ground magnetic and pole-dipole IP and resistivity surveys.

No work was performed on Baimashi in 2012.

Other Targets

Another significant result in the Yejiaba project was the discovery of a mineralized zone in the center part of the Shajinba-Baimashi Gold Trend during the third quarter of 2012. Five trenches completed in the area revealed mineralization of the same style which dominates in the Baimashi and Shajinba Targets: zones of shearing with superimposed pyrite and hematite near the contact between thin-bedded argillaceous limestone and massive limestone. With this important finding, the Company has demonstrated that the Shajinba-Baimashi Gold Trend can be traced over a distance of 7.0 km.

The following table provides a summary of the significant results:

Trench ID	Au (g/t)	Length (m)	Comments
YJB-12-15	1.6	1.0	One channel sample
YJB-12-16	1.05	8.0	One channel sample
YJB-12-16	12.81	0.8	Six channel samples, including 5.17 g/t Au over 1.0 m
YJB-12-22	1.26	1.0	One channel sample
YJB-12-22	1.23	1.0	One channel sample
YJB-12-31	0.82	2.0	Two channel samples

The Paziba Target is a continuous fault zone which divides silicic metasediments in the footwall and thick-bedded to massive limestone in the hanging wall and contains discontinuous lenses of ferriferous gouge and veinlets of hematite. In the third quarter of 2012, six trenches were completed to test the zone. The best intersections averaged 2.66 g/t Au over 3.0 m in trench YJB-12-58 and 0.77g/t Au over 7.8 m in trench YJB-12-59.

Traverses carried out in third quarter of 2012 in the northern part of the Shajinba-Yangjiagou permit approximately 4.0km north from the Shajinba Zone discovered a continuous fault zone. A majority of the samples taken from the zone returned less than 0.1 g/t Au but two grab samples from massive hematite with superimposed silicification returned 18.9 g/t Au and 23.4 g/t Au. The width of the hematite veinlet is 0.3 m. Another grab sample from decarbonatized ferriferous breccia returned 39.5 g/t Au.

No work was performed on regional targets in the fourth quarter of 2012.

2.2 Changkeng Gold Project

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

Location

The Changkeng gold deposit is located approximately 45 km southwest of Guangzhou, the fourth largest city in China with 13 million people and the capital city of Guangdong Province. The project is adjacent to Minco Silver's Fuwan silver deposit and situated close to well-established water, power and transportation infrastructure.

Ownership

Mingzhong, a cooperative joint-venture established among Minco China, Guangdong Geological Bureau, Guangdong Gold Corporation, and two private Chinese companies to jointly explore and develop the Changkeng Property, signed a purchase agreement in January 2008 to buy a 100% interest in the Changkeng Exploration Permit on the Changkeng Project from the 757 Exploration of Team of Guandong Geological Bureau ("757 Exploration Team"). The transfer of the Changkeng Exploration Permit from 757 Exploration Team to Mingzhong was approved by the MOLAR in 2009. This exploration permit was renewed for a two-year period ending on September 10, 2013. The purchase price of the Changkeng Exploration Permit was set at RMB 48 million (approximately $7.6 million). As of December 31, 2008, the Company paid the first payment of RMB 19 million (approximately $3.0 million) for the Changkeng Exploration Permit to the 757 Exploration Team. In order to pay the remaining amount of RMB 29 million (approximately $4.6 million), the shareholders of Mingzhong agreed to inject capital of RMB 32 million ($5.1 million). As at December 31, 2012, Minco China paid RMB 16.3 million ($2.6 million) and the five minority shareholders paid RMB 15.7 million ($2.5 million) to Mingzhong. Two of the minority shareholders of Mingzhong are state-owned entities, which require approval from the Guangdong provincial government's Minister of Finance for increasing their share of registered capital. The process to increase Mingzhong's registered capital is in progress. The funds received from the five minority shareholders are classified as a current liability as at December 31, 2012, pending approval of the capital injection.

As at December 31, 2012, the Company has total liabilities of approximately $8.7 million, including the $2.5 million advanced by the minority shareholders of Mingzhong to be converted to equity once Mingzhong obtains approval to increase its registered capital, and $4.6 million to be paid to the 757 Exploration Team for the Changkeng exploration permit, which was classified as a current liability.

Geology

The Changkeng Project is located at the northwest margin of a triangular Upper Paleozoic fault basin, bounded by the northeast trending Shizhou fault to the northwest, the east-west trending Dashi fault to the south and the northwest trending Xijiang fault to the northeast. Precious and base metal occurrences and deposits are known to occur predominantly along the margins of the 550 km^2 basin.

The major structural control at Changkeng is an upright, open syncline with its axis trending northeast. The syncline is composed of Lower Carboniferous limestone and Triassic siliciclastic rocks. A low-angle fault zone is developed along the contact between the Lower Carboniferous unit and the Upper Triassic unit. The fault zone is from several meters to tens of meters in width and is occupied by lenticular, brecciated and silicified rocks, brecciated limestone and silicified sandy conglomerate. The fault zone may have acted as both a feeder conduit and as a host structure for the gold and silver mineralization in the area. A set of second-order faults parallel to the major fault were developed in the limestone at the footwall and silver mineralization is known to occur in the second-order faults on the Fuwan Property to the south.

Gold was discovered at Changkeng in early 1990 by systematic follow up of stream sediment and soil geochemical anomalies identified from surveys completed by the Guangdong Provincial government. Illegal, small-scale mining began in 1991 and removed most of the oxidized, near-surface mineralization. Based on 13 surface trenches and 81 diamond drill holes, P&E Mining Consultants Inc. ("P&E") of Brampton, Ontario, prepared an initial NI 43-101 compliant resource estimate on the deposit in March of 2008 with a resource update in March 2009 (collectively, the "Technical Reports"). The Technical Reports are available on SEDAR. The detailed resource estimates are provided below.

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

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

Drilling program

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

At the completion of the 2008 drilling program, the known gold mineralization at the Changkeng Project was extended by approximately 400 meters along strike to the east-northeast; from just less than 900 m to approximately 1,200 m in length. Mineralization was also extended down-dip in localized areas along the eastern end of the known mineralization.

Resource estimates

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

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

Minco Gold has a 51% ownership of the Changkeng Project which has two distinct and separate mineralized zones (an Au dominant zone and a Ag dominant zone). The gold portion of the resource estimate has been expanded and upgraded to contain indicated resources of 4.0 million tonnes @ 4.89 g/t Au for a total of 623,100 oz Au. This represents a 65% increase in gold ounces for the indicated resource category. The estimate also contains inferred resources of 4.0 million tonnes @ 3.01 g/t Au for a total of 386,800 oz Au.

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

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

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

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

The Changkeng Gold Project also contains a portion of a second distinct deposit which is silver-dominant. Minco Gold assigned its 51% ownership in these resources to Minco Silver Corporation pursuant to an assignment agreement dated August 20, 2004. The Changkeng Silver Mineralization contains indicated resources of 5.6 million tonnes @ 170 g/t Ag for a total of 30,708,000 oz Ag and inferred resources of 1.1 million tonnes @ 220 g/t Ag for a total of 7,517,000 oz Ag.

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

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

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

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

During the year ended December 31, 2012, the Company did not conduct any exploration activities, except for maintaining the Changkeng exploration permit.

2.3 Equity Investment in Minco Silver Corporation

As at December 31, 2012, the Company owned 13,000,000 common shares of Minco Silver (December 31, 2011 - 13,000,000 common shares) that were acquired in 2004 in exchange for the transfer of the Fuwan property and the silver interest in the Changkeng property. As at December 31, 2012, the Company owned a 22.02% equity interest in Minco Silver.

The following discussion respecting the Fuwan Silver Project held by Minco Silver is based on Minco Silver's public disclosure record available on SEDAR at www.sedar.com.

Current Developments on the Fuwan Silver Project

During the 2012 calendar year, several large mining groups in China expressed an interest in the Fuwan Silver Project. Minco Silver hosted site visits, data review and preliminary discussions with those groups, however, no definitive agreements have been concluded as at this MD&A date. Minco Silver has been actively pursuing this alternative strategy to look for a large mining group in China as a business partner.

Following the official approval granted by the Gaoming County Government for the development of the Fuwan Silver Project in December 2008, Minco Silver has been focused on the permitting process in order to apply for a mining license.

The pivotal aspect of applying for the mining license is to complete the Environmental Impact Assessment ("EIA") report. Minco Silver engaged Guangdong Nuclear Design Institute ("GNDI") to complete the

Chinese Regulatory EIA report. A technical panel appointed by the Department of Environmental Protection Administration of Guangdong Province (the "Department") reviewed and approved the regulatory EIA report compiled by GNDI in principle on March 7, 2010 with certain comments. Minco Silver submitted the revised report to the Department in December 2010 after addressing the comments received from the panel.

Minco Silver engaged General Station for Geo-Environmental Monitoring of Guangdong Province ("GSGEM") for a water monitoring study to comply with the new water regulations issued by the Ministry of Environmental Protection of China effective on June 1, 2011, which all applicants for EIA are subject to. GSGEM carried out the required monitoring study and prepared all reports required for compliance with the new national water guidelines. Minco Silver successfully completed the field work in January 2012 and received the comprehensive water monitoring report from GSGEM in April 2012. The report concluded Minco Silver is in compliance with the requirements of the new National Water Guidelines.

The revision of the EIA report has been completed by incorporating the required results from the water monitoring survey report. The revised EIA will be submitted to the Chinese environmental protection authority for approval in due course. The preliminary mine design is near completion and will be released after the requirements from the approved EIA report are considered.

Minco Silver has otherwise made significant progress in permitting on the Fuwan Silver Deposit. The progress is summarized as follows:

- The Chinese Preliminary Feasibility Study was completed by Changsha Non-Ferrous Mine Design Institute and approved by an expert panel.
- The Mining Area Permit, covers approximately 0.79 km^2, defines the mining limits of the Fuwan Silver Deposit and restricts the use of this land to mining activities. The Permit was approved by MOLAR and renewed subsequent to the original approval in October 2009. The renewed permit will expire on April 10, 2014.
- The Soil and Water Conservation Plan was completed and approved.
- The Land Usage Permit was approved by Gaoming County, Foshan City and Guangdong provincial governments. It was renewed for a one year period until December 31, 2013.
- The Geological Hazard Assessment was completed and approved in September 2009.
- The Mine Geological Environment Treatment Plan was reviewed and approved by the Environment Committee of China Geology Association.
- The preliminary Safety Assessment draft report was completed in December 2011 and submitted to the Safety Bureau of Guangdong Province for approval.

Comprehensive income (loss) on the investment in Minco Silver is as follows:

Year ended December 31,	**2012**	**2011**	**2010**
	$	$	$
Dilution gain (loss) in Minco Silver	(8,398)	8,710,000	2,845,000
Equity loss of Minco Silver	(1,032,816)	(1,443,391)	(1,246,150)
Cumulative translation adjustment	(72,395)	287,268	(69,906)
Comprehensive income (loss) from investment in Minco Silver	(1,113,609)	7,553,877	1,528,944

The carrying value and market value of the Minco Silver shares held by the Company and accounted for using the equity basis are as follows:

	December 31, 2012	December 31, 2011
	$	$
Carrying value of investment in Minco Silver	13,375,407	14,489,016
Market value of Minco Silver shares	20,150,000	25,870,000

As at December 31, 2012 the closing share price for Minco Silver's shares on the Toronto Stock Exchange was $1.55 (December 31, 2011 - $1.99 per share).

The following is a summary of Minco Silver's balance sheet as at December 31, 2012 and 2011.

	December 31, 2012	December 31, 2011
	$	$
Current assets	66,923,816	71,012,927
Mineral interests	21,012,566	17,811,322
Property, plant and equipment	572,583	751,463
Current liability	512,604	968,690
Shareholders' equity	87,996,361	88,607,022

The following is a summary of Minco Silver's income statement for the year ended December 31, 2012, 2011 and 2010.

Year ended December 31,	2012	2011	2010
	$	$	$
Administrative expenses	5,596,671	6,674,066	5,604,885
Net loss for the year	(4,676,550)	(5,970,842)	(4,280,899)
Other comprehensive income (loss) for the year	(327,801)	931,652	(189,650)
Comprehensive loss for the year	(5,004,351)	(5,039,190)	(4,470,549)

2.4 Tugurige Gold project

Minco China entered into the JV Agreement with the 208 Team, a subsidiary of China National Nuclear Corporation, to acquire a 51% equity interest in the Tugurige Gold Project located in Inner Mongolia, China. Under the terms of the JV Agreement, the 208 Team was required to set up a new entity (the "JV Co") and transfer its 100% interest in the Tugurige Gold Project into the JV Co. Minco China has the right to contribute a total of RMB 250 million (approximately $37 million) (the "Earn-In Amount") to earn a 51% equity interest in the JV Co, with RMB 180 million (approximately $27 million) to be contributed upon conclusion of the JV Agreement. The Earn-In Amount is subject to an independent evaluation of the value of the Tugurige Project.

The 208 Team did not comply with certain of its obligations under the JV Agreement, including its obligation to set up a new entity (the "JV Co") and the transfer of its 100% interest in the Tugurige Gold Project to the JV Co. As a result, Minco China commenced legal action in China seeking compensation for on March 14, 2012. On March 25, 2013, Minco China settled its claim against the 208 Team relating to the JV Agreement for a settlement amount of RMB 14 million ($2.3 million). Minco China has received RMB 5 million ($822,368) and the remaining balance is expected to be received by the end of 2013.

3. Results of Operations

3.1 Selected Annual Information

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

The selected information for 2012, 2011 and 2010 was prepared in accordance with IFRS

	Year Ended December 31,		
	2012 $	**2011 $**	**2010 $**
Income (loss) attributable to shareholders before discontinued operations	(4,881,771)	891,422	(2,009,227)
Net income (loss) attributable to shareholders	(4,881,771)	891,422	(401,926)
Net income (income) for the year	(4,871,432)	862,446	(451,348)
Income (loss) per share attributable to shareholders from continuing operations– basic and diluted	(0.10)	0.02	(0.04)
Income (loss) per share attributable to shareholders – basic and diluted	(0.10)	0.02	(0.01)
Income (loss) per share – basic and diluted	(0.10)	0.02	(0.01)
Total assets	19,171,997	22,176,773	23,700,260
Total long-term financial liabilities	-	-	-
Cash dividends declared per share for each class of share	-	-	-

For the year ended December 31, 2012 and 2011

Net loss for the year ended December 31, 2012 was $4,871,432 (loss of $0.10 per share) compared to net income of $862,446 (income of $0.02 per share) for the comparative period of 2011. The Company did not participate in Minco Silver's bought deal financing of 7,600,000 common shares completed in March 2011 (the "2011 Public Offering"). As a result, the Company recognized a dilution gain of $8,710,000, compared to a dilution loss of $8,398 recognized in 2012.

The Company's administrative expenses decreased by $1,484,250 compared to 2011. The decrease was mainly due to the decrease of share-based compensation by $1,307,504.

For the year ended December 31, 2011 and 2010

Net income for the year ended December 31, 2011 was $862,446 (income of $0.02 per share) compared to a net loss of $451,348 (loss of $0.01 per share) in 2010. The net income recognized in 2011 was mainly due to the fact that the Company did not participate in the 2011 Public Offering.

The Company's administrative expenses were increased by $2,087,954 in 2011. The increase was mainly due to an increase of $1,881,527 of share-based compensation. In addition, the Company had earnings of $1,607,301 from discontinued operations in 2010.

3.2 Fourth Quarter

For the three months ended December 31, 2012 and 2011

Net loss for the three months ended December 31, 2012 was $1,394,096 (loss of $0.03 per share) compared to $1,558,259 (loss of $0.03 per share) for the comparative period of 2011.

Exploration costs for the three months ended December 31, 2012 were $666,527 related primarily to the exploration activities on the Longnan project, which was comparable to $547,559 incurred for the comparative period in 2011. The increase in exploration costs is primarily attributed to trenching activities in the fourth quarter of 2012 compared to 2011.

Administrative expenses for the three months ended December 31, 2012 were $657,660 compared to $720,998 for the comparative period of 2011. During the quarter, investor relations expenses, legal and regulatory expenses and share-based compensation expenses decreased. This decrease was offset by an increase in salary and benefit expenses.

Dilution loss for the three months ended December 31, 2012 was $86 compared to $31,000 of dilution gain in the comparative period of 2011 due to no stock options being exercised during the quarter.

3.3 Exploration Costs

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

	2012	**2011**	**2010**	**Accumulated to 2012**
	$	$	$	$
Longnan projects	1,479,979	1,870,486	1,330,745	9,584,178
Changkeng gold project	113,207	66,522	135,727	8,279,277
Gold Bull Mountain	22,498	26,866	1,169	2,212,210
Sihui	1,605	-	-	1,605
	1,617,289	1,963,874	1,467,641	20,077,270

During the year ended December 31, 2012, the Company did not conduct any exploration activities on the Changkeng and Gold Bull Mountain projects, except for maintaining the exploration permits.

Exploration costs for the year ended December 31, 2012 were $1,617,289 compared to $1,963,874 for the comparative period of 2011. The decrease was mainly due to the delay of drilling progress on the Longnan project.

Exploration costs for the year ended December 31, 2011 were $1,963,874 compared to $1,467,641 for the comparative period of 2010. The increase was due to the increased exploration activities on the Longnan project.

3.4 Administrative Expenses

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

The following table is a summary of the Company's administrative expenses for the three months and the years ended December 31, 2012, 2011 and 2010:

	Three months ended December 31,			Year ended December 31,		
Administrative expenses	**2012**	**2011**	**2010**	**2012**	**2011**	**2010**
Accounting and audit	28,946	24,351	8,173	164,843	246,900	140,176
Amortization	14,838	18,494	18,256	60,689	71,919	81,371
Consulting	27,675	44,987	59,232	85,932	122,654	143,350
Directors' fees	10,000	14,027	10,500	53,000	48,527	43,500
Foreign exchange (gain) loss	4,017	3,356	(28,159)	(872)	(17,149)	(111,901)
Investor relations	47,500	148,188	66,685	182,290	449,813	220,853
Legal and regulatory	17,883	140,664	52,775	269,795	257,354	129,804
Office administration expenses	86,468	53,170	70,489	283,161	316,359	396,635
Property investigation	1,994	31,934	87,957	12,748	117,605	210,416
Salaries and benefit	247,201	8,753	156,154	679,310	369,242	500,677
Share-based compensation	151,045	222,769	134,135	957,305	2,264,809	383,282
Travel and transportation	20,093	10,304	14,076	79,364	63,782	85,701
	657,660	**720,997**	**650,273**	**2,827,565**	**4,311,815**	**2,223,864**

Significant changes in expenses are as follows:

Accounting and auditing

Accounting and auditing expenses for the three months ended December 31, 2012 were $28,946 compared to $24,351 for the comparative period of 2011. The decrease was due to the Company not engaging its external auditor for IFRS compliance and quarterly reviews in 2012.

Accounting and auditing expenses for the year ended December 31, 2012 were $164,843 compared to $246,900 for the comparative period of 2011. The decrease was due to the same reason described above.

Accounting and auditing expenses for the three months ended December 31, 2011 were $24,351 compared to $8,173 for the comparative period of 2010. The increase was due to the Company engaging its external auditor to review its condensed consolidated interim financial statements prepared in compliance with IFRS in 2011.

Accounting and auditing expenses for the year ended December 31, 2011 were $246,900 compared to $140,176 for the comparative period of 2010. The increase was due to the Company engaging its external auditor for IFRS compliance and quarterly review in 2011.

Consulting fees

Consulting fees for the three months ended December 31, 2012 were $27,675 compared to $44,987 for the comparative period of 2011. The decrease was due to the departure of the Company's former CFO in 2012.

Consulting fees for the year ended December 31, 2012 were $85,932 compared to $122,654 for the comparative period of 2011. The decrease was due to the same reason described above.

Consulting fees for the three months ended December 31, 2011 were $44,987 compared to $59,232 for the comparative period of 2010. The decrease was mainly due to the reduced time allocated by executive management during the year.

Consulting fees for the year ended December 31, 2011 were $122,654 compared to $143,350 for the comparative period of 2010. The decrease was due to the same reason described above.

Investor relations

Investor relations expenses for the three months ended December 31, 2012 were $47,500 compared to $148,188 for the comparative period of 2011. The decrease was primarily driven by a reduction in the use of external consultants for investor relation activities as well as decreased attendance at industry conferences.

Investor relations expenses for the year ended December 31, 2012 were $182,290 compared to $449,813 of the comparative period of 2011. The decrease was mainly due to the same reasons described above.

Investor relations expenses for the three months ended December 31, 2011 were $148,188 compared to $66,685 for the comparative period of 2010. The increase was mainly due to the increase of investor activities including increased attendance at industry conferences in 2011.

Investor relations expenses for the year ended December 31, 2011 were $449,813 compared to $220,853 for the comparative period of 2010. The increase was due to the same reason described above. Also, the Company participated in investor relations activities arranged by Minco Silver in respect of its financing activities in connection with its 2011 Public Offering.

Legal and regulatory

Legal, regulatory and filing expenses were $17,883 for the three months ended December 31, 2012 compared to $140,664 for the comparative period of 2011. The decrease was due to the Company engaging external legal counsel to assist with regulatory compliance in the fourth quarter of 2011. No such assistance was required for the comparative period of 2012.

Legal, regulatory and filing expenses for the year ended December 31, 2012 were $269,795, which was consistent with $257,354 for the comparative period of 2011.

Legal, regulatory and filing expenses were $140,664 for the three months ended December 31, 2011 compared to $52,775 for the comparative period of 2010. The increase was mainly due to the Company engaging external legal counsel to assist with regulatory compliance.

Legal, regulatory and filing expenses were $257,354 for the year ended December 31, 2011 compared to $129,804 for the comparative period of 2010. The increase was due to the same reason described above.

Property investigation

Property investigation expenses for the three months ended December 31, 2012 were $1,994 compared to $31,934 for the comparative period of 2011. The decrease was due to the Company focusing on its Gansu Longnan project in 2012.

Property investigation expenses for the year ended December 31, 2012 were $12,748 compared to $117,605 for the comparative period of 2011. The decrease was due to the same reason described above.

Property investigation expenses for the three months ended December 31, 2011 were $31,934 compared to $87,957 for the comparative period of 2010. The decrease was due to the departure of the former VP of Corporate Exploration.

Property investigation expenses were $117,605 for the year ended December 31, 2011 compared to $210,416 for the comparative period of 2010. The decrease was due to the same reason described above.

Salaries and benefit

Salaries and benefit expenses for the three months ended December 31, 2012 were $247,201 compared to $8,753 for the comparative period of 2011. In the fourth quarter of 2011, the Company recognized a recovery of payroll taxes in China in the amount of 136,000 that reduced salaries and benefit expenses significantly

Salaries and benefit expenses for the year ended December 31, 2012 were $679,310 compared to $369,242 for the comparative period of 2011. The increase was mainly due to the same reason described above.

Salaries and benefit expenses for the three months ended December 31, 2011 were $8,753 compared to $156,154 for the comparative period of 2010. The decrease was due to the same reason above.

Salaries and benefit expenses were $369,242 for the year ended December 31, 2011 compared to $500,677 for the comparative period of 2010. The decrease was due to the same reason described above.

Share-based compensation

Share-based compensation expense for the three months ended December 31, 2012 was $151,045 compared to $222,769 for the comparative period of 2011. The decrease was due to the reduced value of stock options granted in 2012 versus 2011.

Share-based compensation expense was $957,305 compared to $2,264,809 for the comparative period of 2011. The decrease was due to the same reason described above.

Share-based compensation expense for the three months ended December 31, 2011 was $222,769 compared to $134,135 for the comparative period of 2010. The increase was due to a greater number of stock options granted in 2011. During the year ended 2011, the Company granted 2.4 million stock options to its consultants and employees at a weighted average exercise price of $2.18 per share.

Share-based compensation expense was $2,264,809 for the year ended December 31, 2011 compared to $383,282 for the comparative period of 2010. The increase was due to the same reason described above.

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

3.4 Finance and other income (expense)

For the year ended December 31, 2012, the net amount of finance and other income was $614,636 compared to the finance and other expenses of $128,474 for the comparative period of 2011. The increase is mainly from interest income and also the gain on sale of exploration permits of $442,796 recognized in 2012.

For the year ended December 31, 2011, the net finance and other expenses was $128,474 compared to $34,006 for the comparative period of 2011. The increase in finance expenses, net of finance income, is mainly due to the timing of the repayment of the funds borrowed and loaned by the Company. RMB 60 million (approximately $9 million) loaned by the Company to Tugurige Gold Mine were repaid on March 25, 2011 in full with 8% interest per annum. The funds of RMB 50 million ($7.6 million) borrowed by the Company from Zhongjia to finance Tugurige Gold Mine were repaid in June 2011 in full with 10 % interest per annum.

4. Summary of Quarterly Results

		Earnings (loss) per share	
Period ended	Net income (loss) attributable to shareholders	Basic	Diluted
	$	$	$
12-31-2012	(1,386,778)	(0.03)	(0.03)
09-30-2012	(1,024,173)	(0.02)	(0.02)
06-30-2012	(1,170,193)	(0.02)	(0.02)
03-31-2012	(1,300,627)	(0.03)	(0.03)
12-31-2011	(1,574,915)	(0.03)	(0.03)
09-30-2011	(1,422,162)	(0.03)	(0.03)
06-30-2011	(2,262,167)	(0.05)	(0.05)
03-31-2011(*)	6,121,690	0.12	0.12

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

(*) Net income of $6.1 million for the period ended March 31, 2011 was mainly due to the Company not participating in Minco Silver's 2011 Public Offering. As a result, the Company recorded an $8.5 million dilution gain.

5. Liquidity and Capital Resources

5.1 Cash Flows

	Year ended December 31,	
	2012	2011
	$	$
Operating activities	(1,714,977)	(3,899,404)
Investing activities	(4,637,653)	9,216,211
Financing activities	-	(5,101,742)

Operating activities

For the year ended December 31, 2012, the Company used $1,714,977 cash in operating activities compared to $3,899,404 cash used in 2011. The decrease is primarily due to the Company reducing cash payments for the exploration activities and investor relations and also additional advances from related parties during the year.

Investing activities

Investing activities for the year ended December 31, 2012 included the purchase of short-term investments of $5,066,771, which was offset by proceeds of $442,796 from the sale of two exploration permits.

Investing activities for the year ended December 31, 2011 included the repayment of the loan by Tugurige Gold Mine of $8,937,482 and short-term investment of $293,770.

Financing activities

For the year ended December 31, 2012, the Company did not use or generate any cash from financing activities compared to cash used of $5,101,742 in 2011.

Financing activities for the year ended December 31, 2011 included the loan repayment to Minco Base Metals Corporation ("MBM") of $7,483,798, which was offset by the proceeds of $784,618 received from the exercise of options, and $1,597,438 advance payments received from Mingzhong's five minority shareholders to arrive at the cash used of $5,101,742.

5.2 Capital Resources

As at December 31, 2012, the Company has $5,318,534 in cash and cash equivalents and short-term investments, which includes $4,610,543 held by Mingzhong to be used towards the final payment for the acquisition of the Changkeng exploration permit. The remaining cash and short-term investments balance available to fund exploration and general corporate requirements is $707,991, and is held in the Company's other Chinese subsidiaries. The Company may face delays repatriating funds held in China if at any time the Company requires additional resources to enable it to undertake projects elsewhere in the world.

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

The Company plans on meeting any additional working capital requirements through the sale of its equity interest in Minco Silver when necessary. In addition, the Company plans to sell the noncore projects to generate working capital.

5.3 Contractual Obligations

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

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

Contractual obligations	Payments due by period				
	Total	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
	$	$	$	$	$
Changkeng permit payable	4,610,543	4,610,543	-	-	-
Operating leases (1)	350,414	151,489	198,925	-	-
Other obligations (2)	4,096,789	4,096,789	-	-	-
Total contractual obligations	9,057,746	8,858,821	198,925	-	-

(1) Office rental payments – Canada and China

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

6. Off -Balance Sheet Arrangements

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

7. Transactions with Related Parties

Shared expenses

Minco Silver and Minco Gold share offices and certain administrative expenses in Beijing and Minco Silver, MBM and Minco Gold share offices and certain administrative expenses in Vancouver.

At December 31, 2012, the Company has $1,250,129 due to Minco Silver (December 31, 2011 – due from Minco Silver of $429,114) consisting of the following:

> Amount due from Foshan Minco Fuwan Mining Co. Ltd. ("Foshan Minco") (a subsidiary of Minco Silver) as at December 31, 2012 of $1,075,820 (December 31, 2011 - $1,167,282), representing the expenditures incurred by Minco China on behalf of Foshan Minco and shared office expenses.
>
> Amount due to Minco Silver as at December 31, 2012 was $2,325,949 (December 31, 2011 – $738,168) representing funds advanced from Minco Silver to Minco Gold to support its operating activities in Canada net of shared head office expenses.

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

The above two amounts will be net settled and accordingly have been presented as a net balance on the consolidated financial statements.

At December 31, 2012, the Company has $10,768 due from MBM (December 31, 2011 - $20,774), in relation to shared office expenses. The Company is related to MBM through one common director and common management.

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

Funding of Foshan Minco

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

On June 9, 2011, Minco Silver advanced US$10 million to the Company, the ultimate beneficial shareholder of Foshan Minco in August 2011, the Company, Minco Silver and Minco China entered into a trust agreement pursuant to which Minco China is required to exchange these US funds into RMB in order to increase Foshan Minco's registered share capital. Once all the funds are transferred from Minco China to Foshan Minco, the trust agreement shall be effectively settled and no repayment is expected by Minco Silver from Minco China. As at December 31, 2012, Minco China invested RMB 50 million ($7,969,143) on behalf of Minco Silver, to increase the registered capital of Foshan Minco, repaid RMB 5,524,643 ($871,725) to Foshan Minco, incurred net expenses of RMB 1,926,355 ($302,994) and held the remaining balance of RMB 6,288,479 ($990,468).

Key management compensation

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

For the three months ended and years ended December 31, 2012, 2011 and 2010, the following compensation was paid to key management:

	For the three months ended December 31,		
	2012	2011	2010
	$	$	$
Cash remuneration	109,092	102,250	186,979
Share-based compensation	98,718	133,825	12,454
Total	207,810	236,075	199,433

	For the year ended December 31,		
	2012	2011	2010
	$	$	$
Cash remuneration	339,714	447,419	436,438
Share-based compensation	601,838	1,371,160	150,011
Total	941,552	1,818,579	586,449

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

8. Critical Accounting Estimates

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

Equity investment in Minco Silver

The Company reviews its equity investment in Minco Silver when there is any indication that the investment might be impaired. Management has assessed impairment indicators on this equity investment and has concluded that no impairment indicator existed as at December 31, 2012.

9. Accounting Standards Issued but Not Yet Applied

Unless otherwise noted, the following revised standards and amendments are effective for annual periods beginning on or after January 1, 2013. The Company is currently assessing the impact of these standards and amendments.

IFRS 9 Financial Instruments

IFRS 9 *Financial Instruments* was issued in November 2009 and addresses classification and measurement of financial assets. It replaces the multiple category and measurement models in IAS 39 *Financial Instruments*: *Recognition and Measurement* for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss. Requirements for financial liabilities were added to IFRS 9 in October 2010 and they largely carried forward existing requirements in IAS 39 except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss are generally recorded in other comprehensive income. This new standard is effective for annual periods beginning on or after January 1, 2015 with earlier application permitted.

IFRS 10 Consolidated Financial Statements

IFRS 10 *Consolidated Financial Statements* establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This standard: (i) requires a parent entity (an entity that controls one or more other entities) to present consolidated financial statements; (ii) defines the principle of control, and establishes control as the basis for consolidation; (iii) sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee; and (iv) sets out the accounting requirements for the preparation of consolidated financial statements. IFRS 10 supersedes IAS 27 *Consolidated and Separate Financial Statements* and SIC-12 *Consolidation - Special Purpose Entities*.

IFRS 11 Joint Arrangements

IFRS 11, *Joint Arrangements*, requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, *Interests in Joint Ventures*, and SIC-13, *Jointly Controlled Entities—Non-monetary Contributions by Venturers*.

IFRS 12 Disclosure of Interests in Other Entities

IFRS 12 *Disclosure of Interests in Other Entities* establishes disclosure requirements for interests in other entities, such as subsidiaries, joint arrangements, associates, and unconsolidated structured entities. The standard carries forward existing disclosures and also introduces significant additional disclosure that address the nature of, and risks associated with, an entity's interests in other entities. IFRS 11 supersedes IAS 27, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*.

IFRS 13 Fair Value Measurement

IFRS 13 *Fair Value Measurement* is a comprehensive standard for fair value measurement and disclosure for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and does not always reflect a clear measurement basis or consistent disclosures.

There have been amendments to existing standards, including IAS 27 and IAS 28, *Investments in Associates and Joint Ventures*. IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 – 13.

IAS 1. Presentation of Financial Statements

IAS 1, *Presentation of Financial Statements*, has been amended to require entities to separate items presented in other comprehensive income into two groups, based on whether or not items may be recycled in the future. Entities that choose to present OCI items before tax will be required to show the amount of tax related to the two groups separately. The amendment is effective for annual periods beginning on or after July 1, 2012.

10. Financial Instruments

As explained in Note 3 of the December 31, 2012 audited consolidated financial statements, financial assets and liabilities have been classified into categories that determine their basis of measurement and, for items measured at fair value, whether changes in fair value are recognized in the statement of income or comprehensive income. Those categories are: fair value through profit or loss, loans and receivables, and other financial liabilities.

The following table summarizes the carrying value of financial assets and liabilities at December 31, 2012 and 2011.

	December 31, 2012	December 31, 2011
Assets	**$**	**$**
Cash and cash equivalents	263,054	6,696,805
Short-term investments	5,055,480	-
Receivables	78,311	52,618
Due from related parties	10,768	-
Marketable securities	1,470	10,500
Liabilities		
Account payable and accrued liabilities	4,983,080	5,203,087
Accounts payable for Changkeng permit	4,610,543	4,681,156
Advance from non-controlling interest	2,474,123	2,512,015
Due to related party	1,250,129	-

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

Financial risk factors

The company's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. Risk management is carried out by management under policies approved by the board of directors. Management identifies and evaluates the financial risks. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, and credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Credit risk

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

- Cash and cash equivalents – In order to manage credit and liquidity risk the Company places its short-term investment funds into government and Canadian bank debt securities with terms of 90 days or less when acquired. At December 31, 2012, the balance of $263,054 (2011 - $6,696,805) was placed with four institutions.
- Short-term investments – These are guaranteed investment certificates with maturities of greater than ninety days, but less than one year, when acquired. At December 31, 2012, the short-term investments totalled $5,055,480 (2011 - $Nil).

Foreign exchange risk

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

Interest rate risk

The effective interest rate on financial liabilities (accounts payable) ranged up to 1%. The interest rate risk is the risk that the fair value of future cash flows of a financial instrument fluctuates because of changes in market interest rates. Cash and short-term investments entered into by the Company bear interest at a fixed rate thus exposing it to the risk of changes in fair value arising from interest rate fluctuations. Short term investments are invested in high grade, highly liquid instruments and exposes the Company to variable interest rate fluctuations. A 1% increase in the interest rate in Canada will have a net (before tax) income effect of $53,200 (2011- $67,499), assuming the foreign exchange rate remains constant.

11. Risks Factors and Uncertainties

A comprehensive discussion of risk factors is included in the Company's annual report on Form 20-F for the year ended December 31, 2012, dated March 28, 2013, available on SEDAR at www.sedar.com.

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

Management has established disclosure controls and procedures to ensure that information disclosed in this MD&A and the related financial statements was properly recorded, processed, summarized and reported to the Company's Board and Audit Committee. Management has evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2012 and has concluded, based on its evaluation, that these controls and procedures provide reasonable assurance that material information relating to the Company is made known to management and reported as required.

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

The control framework used to design the Company's internal control over financial reporting is the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway

Commission ("COSO"). Management has evaluated the effectiveness of design and operation of the Company's internal controls over financial reporting as at December 31, 2012. Based on the result of this assessment, management has concluded that the Company's internal controls over financial reporting are effective.

13. Cautionary Statement on Forward-Looking Information

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

Forward-looking statements are included throughout this document and include, but are not limited to, statements with respect to: our plans for future exploration programs for our mineral properties; the ability to generate working capital; markets; economic conditions; performance; business prospects; results of operations; capital expenditures; and foreign exchange rates. All such forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. These statements are, however, subject to known and unknown risks and uncertainties and other factors. As a result, actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits will be derived therefrom. These risks, uncertainties and other factors include, among others: our interest in our mineral properties may be challenged or impugned by third parties or governmental authorities; economic, political and social changes in China; uncertainties relating to the Chinese legal system; failure or delays in obtaining necessary approvals; exploration and development is a speculative business; the Company's inability to obtain additional funding for the Company's projects on satisfactory terms, or at all; hazardous risks incidental to exploration and test mining; the Company has limited experience in placing resource properties into production; government regulation; high levels of volatility in market prices; environmental hazards; currency exchange rates; and the Company's ability to obtain mining licenses and permits in China.

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