

MINCO PLC

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2016 AND DECEMBER 31, 2015

(Expressed in US\$000's)

MINCO PLC

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MINCO PLC

We have audited the financial statements of Minco plc for the year ended 31 December 2016 which comprise the Group Financial Statements: The Consolidated Statement of Loss and Comprehensive Loss, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flow, the Parent Company Financial Statements: the Parent Company Balance Sheet, the Parent Company Statement of Changes in Equity, the Parent Company Statement of Cash Flow and the related notes. The financial reporting framework that has been applied in their preparation is the Companies Act 2014 and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

This report is made solely to the company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors are responsible for the preparation of the financial statements giving a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the financial statements in accordance with Irish law and International Standards on Auditing and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the group financial statements give a true and fair view of the assets, liabilities and financial position of the Group in accordance with IFRSs as adopted by the European Union, as at 31 December 2016 and of its loss for the year then ended; and
- the parent company Balance Sheet gives a true and fair view of the assets, liabilities and financial position of the Company in accordance with IFRSs as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014, as at 31 December 2016; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and as regards the group financial statements, Article 4 of the IAS Regulation.

Emphasis of Matter – Realisation of Assets

In forming our opinion on the financial statements which is not modified, we have considered the adequacy of the disclosures made in Note 12, 13 and 14 concerning the realisation of intangible assets of US\$12,863,000 included in the Consolidated Balance Sheet and intangible assets of US\$408,000, investments in subsidiaries of US\$16,538,000 in the Company Balance Sheet, which is dependent upon the discovery and successful development of economic resources, including the ability to raise finance to develop the projects. The financial statements do not include any adjustments relating to these uncertainties, and the ultimate outcome cannot at present be determined.

Matters on which we are required to report by the Companies Act 2014

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

- In our opinion the accounting records of the company were sufficient to permit the parent company financial statements to be readily and properly audited.
- The parent company balance sheet is in agreement with the accounting records.
- In our opinion, the information given in the directors' report is consistent with the financial statements and the description in the Corporate Governance Statement of the main features of the internal control and risk management systems in relation to the process for preparing the group financial statements is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions of sections 305 to 312 of the Companies Act 2014 which requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.



Michael Bellew (FCCA)
for and on behalf of UHY Farrelly Dawe White Limited
Chartered Certified Accountants & Statutory Audit Firm
FDW House
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Co. Louth

10 April 2017

MINCO PLC
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2016

Expressed in US\$000's	Notes	2016	2015
Assets		\$	\$
Non-current assets			
Exploration and evaluation assets	12	12,863	12,341
Investment in associate - note receivable	14	559	457
Prepaid expenses and other non-current assets		9	9
Total non-current assets		13,431	12,807
Current assets			
Trade and other receivables	15	147	168
Cash and cash equivalents	16	2,351	3,974
Total current assets		2,498	4,142
Total assets		15,929	16,949
Equity and liabilities			
Capital and reserves			
Share capital	18	9,767	9,767
Share premium		29,790	29,790
Capital conversion reserve fund		39	39
Foreign currency translation reserve		(3,324)	(3,030)
Share-based payment reserve	20	209	336
Retained deficit		(21,115)	(20,467)
Total equity		15,366	16,435
Current liabilities			
Trade and other payables	17	563	514
Total current liabilities		563	514
Total equity and liabilities		15,929	16,949

COMMITMENTS AND CONTINGENCIES (Notes 1, 3, 14, 21)

The financial statements were approved by the Board of Directors on 10 April 2017 and signed on its behalf by:

Signed “John F. Kearney” , Director

Signed “Danesh K. Varma” , Director

See accompanying notes to the consolidated financial statements

MINCO PLC
COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2016

	Notes	2016 \$	2015 \$
Assets			
Non-current assets			
Intangible assets	12	408	422
Investment in subsidiaries	13	16,538	16,538
Total non-current assets		16,946	16,960
Current assets			
Trade and other receivables	15	37	31
Cash and cash equivalents	16	116	112
Total current assets		153	143
Total assets		17,099	17,103
Equity and liabilities			
Capital and reserves			
Share capital	18	9,767	9,767
Share premium account		29,790	29,790
Capital conversion reserve fund		39	39
Foreign currency translation reserve		(2,780)	(2,768)
Share-based payment reserve	20	209	336
Retained deficit		(20,427)	(20,381)
Total equity		16,598	16,783
Current liabilities			
Trade and other payables	17	501	320
Total current liabilities		501	320
Total equity and liabilities		17,099	17,103

COMMITMENTS AND CONTINGENCIES (Notes 1, 3, 14, 21)

The financial statements were approved by the Board of Directors on 10 April 2017 and signed on its behalf by:

Signed "John F. Kearney" , Director Signed "Danesh K. Varma" , Director

See accompanying notes to the consolidated financial statements

MINCO PLC

CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS FOR THE YEARS ENDED

Expressed in US\$000's, except for per share amounts	Notes	2016 \$	2015 \$
Continuing operations			
General and administrative expenses	7	(772)	(811)
Foreign exchange gain	7	16	648
Operating loss	7	(756)	(163)
Finance income	9	68	59
Loss before and after taxation		(688)	(104)
Income tax	10	(87)	(14)
Group loss for the year		(775)	(118)
Other Comprehensive Income			
Exchange differences on translation of foreign operations		(294)	(2,514)
Total comprehensive loss for the year		(1,069)	(2,632)
		US Cents per share	US Cents per share
Earnings/(loss) per share			
Basic	11	(0.16)	(0.02)
Diluted	11	(0.16)	(0.02)

See accompanying notes to the consolidated financial statements

MINCO PLC

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

Expressed in US\$000's

	Share Capital \$	Share Premium \$	Capital Conversion Reserve Fund \$	Foreign Currency Translation Reserve \$	Share based payment Reserve \$	Retained Deficit \$	Total \$
Balance as at 1 January 2015	9,767	29,790	39	(516)	399	(20,412)	19,067
Share-based payments terminated	-	-	-	-	(63)	63	-
Total comprehensive loss for the year	-	-	-	(2,514)	-	(118)	(2,632)
Balance as at 31 December 2015	9,767	29,790	39	(3,030)	336	(20,467)	16,435
Share-based payments expired	-	-	-	-	(127)	127	-
Total comprehensive loss for the year	-	-	-	(294)	-	(775)	(1,069)
Balance as at 31 December 2016	9,767	29,790	39	(3,324)	209	(21,115)	15,366

Share capital

The share capital is comprised of share capital issued for cash and non-cash considerations.

Share premium reserve

The share premium reserve is comprised of the excess of monies received in respect of share capital over the nominal value of shares issued less cost of issue.

Capital conversion reserve fund

The ordinary shares of the Company were renominalised from €0.0126774 each to €0.0125 in 2002 and the amount by which the issued share capital of the Company was reduced was transferred to the capital conversion reserve fund.

Foreign currency translation reserve

The foreign currency translation reserve arises on translation of balances into the presentation currency, US Dollar, from the functional currency, Euro. Statement of loss items have been re-translated at the average rate for the year and balance sheet items re-translated at the rate prevailing at the balance sheet date.

Share-based payment reserve

The share-based payment reserve represents the amount expensed to the statement of comprehensive loss in respect of share based payments granted which are not yet exercised or expired.

Retained deficit

Retained deficit comprise accumulated profit and loss in the current and prior years. Retained deficit also includes the value of expired and terminated share-based payments.

See accompanying notes to the consolidated financial statements

MINCO PLC

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

Expressed in US\$000's			Capital	Foreign	Share		
	Share	Share	Conversion	Currency	based	Retained	Total
	Capital	Premium	Reserve	Translation	payment	Deficit	
	US\$'000	US\$'000	Fund	Reserve	Reserve	US\$'000	US\$'000
Balance as at 1 January 2015	9,767	29,790	39	(1,514)	399	(16,457)	22,024
Share-based payments expired	-	-	-	-	(63)	63	-
Total comprehensive loss for the year	-	-	-	(1,254)	-	(3,987)	(5,241)
Balance as at 31 December 2015	9,767	29,790	39	(2,768)	336	(20,381)	16,783
Share-based payments expired	-	-	-	-	(127)	127	-
Total comprehensive loss for the year	-	-	-	(12)	-	(173)	(185)
Balance as at 31 December 2016	9,767	29,790	39	(2,780)	209	(20,427)	16,598

Share capital

The share capital is comprised of share capital issued for cash and non-cash considerations.

Share premium reserve

The share premium reserve is comprised of the excess of monies received in respect of share capital over the nominal value of shares issued less cost of issue.

Capital conversion reserve fund

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Share-based payment reserve

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Retained deficit

Retained deficit comprises of accumulated profit and loss in the current and prior years. Retained deficit also includes the value of expired and terminated share-based payments.

See accompanying notes to the consolidated financial statements

MINCO PLC
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER

Expressed in US\$000's	Notes	2016	2015
		\$	\$
Cash flow from operating activities			
Loss for the year		(775)	(118)
Currency translation movements		(13)	(638)
Interest income		(68)	(59)
		(856)	(815)
Movements in working capital			
Increase/(decrease) in trade and other receivables		21	(22)
Decrease/(increase) in trade and other payables		50	(37)
Cash used in operating activities		(785)	(874)
Income taxes paid		-	(7)
Net cash used in operating activities		(785)	(881)
Cash flows from investing activities			
Interest income		68	59
Investment in financial assets		(75)	(33)
Investment in intangible assets		(831)	(1,064)
Net cash used in investing activities		(838)	(1,038)
Net decrease in cash and cash equivalents		(1,623)	(1,919)
Translation adjustment		-	(8)
Cash and cash equivalents at the beginning of the year		3,974	5,901
Cash and cash equivalent at the end of the year	16	2,351	3,974

See accompanying notes to the consolidated financial statement

MINCO PLC
COMPANY STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 DECEMBER

Expressed in US\$000's	Notes	2016	2015
		\$	\$
Cash flow from operating activities			
Profit/(loss) before taxation for the year		(173)	(3,987)
Impairment		-	3,532
Currency translation movements		2	(68)
Interest income		-	(9)
		(171)	(532)
Movements in working capital			
(Increase)/decrease in trade and other receivables		(6)	10
Increase/(decrease) in trade and other payables		(28)	(80)
Net cash (used in)/generated by operating activities		(205)	(602)
Cash flows from investing activities			
(Advances)/receipts from subsidiaries		209	44
Interest income		-	9
Net cash (used in)/generated by investing activities		209	53
Net increase/(decrease) in cash and cash equivalents		4	(549)
Translation adjustments		-	(5)
Cash and cash equivalents at the beginning of the year		112	666
Cash and cash equivalent at the end of the year	16	116	112

See accompanying notes to the consolidated financial statement

MINCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

Expressed in US\$000's, unless noted and per share amounts

1. NATURE OF OPERATIONS

Minco plc (the "Company" or "Minco") and its subsidiaries and associate (collectively the "Group") have interests in exploration and evaluation properties located in Ireland, Canada, the United Kingdom, and Mexico. Substantially all efforts are devoted to financing and developing these properties. There has been no determination whether these interests in exploration and evaluation properties contain mineral reserves which are economically recoverable.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programmes will result in profitable mining operations. The recoverability of the carrying value of exploration and evaluation assets and continued existence of the Company/Group is dependent upon the preservation of its interests in the underlying properties, the discovery of economically recoverable reserves, the achievement of profitable operations, or the ability to raise additional financing, if necessary, or alternatively upon the ability to dispose of property interests on an advantageous basis. Changes in future conditions could require material write downs of the carrying values. Exploration and evaluation assets are subject to the risks of investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and restrictions, and political uncertainty.

Although steps have been taken to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee title. Properties may be subject to unregistered prior agreements, unregistered claims, aboriginal claims and regulatory and environmental requirements.

2. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

The significant accounting policies adopted by Group and Company are as follows:

a) Basis of preparation

These financial statements, for the year ended 31 December 2016, for the Group and Company have been prepared in accordance with International Financial Reporting Standards (IFRS). These financial statements have also been prepared in accordance with IFRS as adopted by the European Union and in accordance with the Companies Acts, 2014. The financial statements are presented in US Dollars, rounded to the nearest thousand (US\$'000) except where otherwise indicated.

b) Accounting convention

The financial statements are prepared under the historical cost convention except for derivative financial instruments which are measured at fair value.

c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Subsidiaries consist of entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date control is transferred to the Company and are de-consolidated from the date control ceases. The financial statements include all the assets, liabilities, revenues, expenses and cash flows of the Company and its subsidiaries after eliminating inter-entity balances and transactions.

The results of subsidiaries acquired or disposed of are included in the consolidated statement of loss from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive loss is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

MINCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

Expressed in US\$000's, unless noted and per share amounts

2. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

c) Basis of consolidation (continued)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of the retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. Amounts previously recognized in other comprehensive loss in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities are disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the costs on initial recognition of an investment in an associate or jointly controlled entity.

d) Business combinations

Business combinations are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as the cash paid and the fair value of other assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange.

Direct costs incurred in connection with an acquisition, such as finder's fees, advisors, legal, accounting, valuation and other professional or consulting fees, are expensed as incurred. The acquisition identifiable assets, liabilities and contingent liabilities are measured at their fair values at the date of acquisition.

e) Investment in subsidiaries

Investments in subsidiaries are stated at cost less, where appropriate, an allowance for impairment.

f) Investment in Associates

Group

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss. Where a group entity transacts with an associate of the Group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

Company

Investment in associate is stated at cost less, where appropriate, allowances for impairment in the Company's Balance Sheet. As at 31 December 2016 and 2015, the carrying value of the investment in associate was nil.

g) Exploration and evaluation assets

Exploration and evaluation assets

Exploration expenditure relates to the search for precious and base metals. Evaluation expenditure arises from a detailed assessment of deposits that have been identified as having economic potential.

The costs of exploration properties and leases, which include the cost of acquiring prospective properties and exploration rights and costs incurred in exploration and evaluation activities, are capitalised as exploration and evaluation assets as part of exploration and evaluation assets.

MINCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

Expressed in US\$000's, unless noted and per share amounts

2. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

g) Exploration and evaluation assets (continued)

Exploration costs are capitalised as an exploration and evaluation asset until technical feasibility and commercial viability of extraction of reserves are demonstrable, when the capitalised exploration costs are re-classed to property, plant and equipment. Exploration costs include an allocation of administration and salary costs (including share-based payments) as determined by management, where they relate to specific projects.

Prior to reclassification to property, plant and equipment, exploration and evaluation assets are assessed for impairment and any impairment loss recognised immediately in the statement of profit or loss.

Impairment of exploration and evaluation assets

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. The Company reviews and tests for impairment on an ongoing basis and specifically if the following occurs:

- the period for which the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and this has resulted in the decision to discontinue such activities in the specific areas;
- sufficient data exists to indicate that although a development in the specific area is likely to proceed the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

h) Asset retirement obligations

The Company will record a liability for the estimated future costs associated with legal and constructive obligations relating to the reclamation and closure of exploration and evaluation assets and property, plant and equipment. This amount is initially recorded at its discounted present value with subsequent annual recognition of an accretion expense on the discounted liability. An equivalent amount is recorded as an increase to exploration and evaluation assets and property, plant and equipment, and amortised over the useful life of these assets. Management is currently not aware of any existing significant asset retirement obligations or any legal or constructive obligations relating to the reclamation of its exploration and evaluation assets and property, plant and equipment at 31 December 2016 and 2015.

i) Impairment of financial assets

Financial assets, other than those carried at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as available for sale ("AFS"), a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, including redeemable notes classified as AFS and finance lease receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

MINCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

Expressed in US\$000's, unless noted and per share amounts

2. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

i) Impairment of financial assets (continued)

With the exception of AFS equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of AFS equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income/loss.

j) Financial instruments

Financial assets and financial liabilities are recognised in the balance sheet when the Company/Group becomes a party to the contractual provisions of the instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash held and short-term bank deposits with a maturity on acquisition of three months or less.

Trade and other receivables and payables

Recognised at inception at fair value and carried thereafter at amortised cost using the effective interest rate method.

Financial assets at fair value through profit or loss

Financial assets classified as held-for-trading are included in the category financial assets at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling in the near term. Gains or losses on these items are recognized in profit or loss.

Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Equity instruments

Equity capital issued is recorded at the value of proceeds received, net of direct issue costs.

Derivative Financial Instruments

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a noncurrent asset or a noncurrent liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

k) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The liability for current tax is calculated using tax rates that have been enacted or substantively enacted.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

MINCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

Expressed in US\$000's, unless noted and per share amounts

2. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

k) Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and intent exists to settle its current tax assets and liabilities on a net basis.

l) Foreign currencies

The functional currency of each Group entity is the currency of the primary economic environment in which it operates. The functional currency of the Company is Euros. However, due to the fact that all potential sales are US Dollar denominated, for the purpose of these consolidated financial statements, the results and financial position of each Group and company are presented in US Dollars (the Group's and Company's presentation currency).

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was re-determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of the consolidated financial statements, the assets and liabilities of foreign operations are translated in to US Dollars at the rate of exchange ruling at the balance sheet date, and income and expense items are translated at the average rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used. The exchange differences arising on translation are taken directly to a separate component of equity (foreign currency translation reserve).

On the disposal of a foreign operation all of the accumulated exchange differences in respect of that operation and accumulated in foreign currency translation reserve are reclassified to profit or loss.

m) Share-based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in Note 20.

Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on the straight-line basis over the vesting period, based on an estimate of equity instruments that will eventually vest. At each balance sheet date, the estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions is revised. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to equity reserves.

n) Operating profit

Operating profit comprises of general administrative costs and foreign exchange movements incurred by the Company, which are not specific to evaluation and exploration projects, and include costs related to the share-based payments, provisions for trade receivables and all impairment charges relating to exploration and evaluation assets and financial assets during the year. Operating profit is stated before other gains and losses.

MINCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

Expressed in US\$000's, unless noted and per share amounts

2. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

o) Critical accounting judgements

In the process of applying the Group's accounting policies above, the Directors have identified the judgemental areas that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations), which are dealt with below:

Exploration and evaluation assets

The assessment of whether general administration costs and salary costs are capitalised or expensed involves judgement. Management consider the nature of each cost incurred and whether it is deemed appropriate to capitalise it within exploration and evaluation assets. Costs which can be demonstrated as project related are included within exploration and evaluation assets. Exploration and evaluation assets relate to prospecting, exploration and related expenditures. Exploration activities are subject to a number of significant and potential risks including:

- exploration, development and operating risk
- no assurance of production
- failure to obtain additional financing
- environmental risks and hazards
- government regulation and permitting
- infrastructure
- price volatility of publicly traded securities
- fluctuating mineral prices
- foreign currency

The recoverability of these exploration and evaluation assets is dependent on the discovery and successful development of economic reserves, including the ability to raise finance to develop future projects. Should this prove unsuccessful, the value included in the balance sheet would be written off to the statement of loss.

Going concern

For further information regarding going concern refer to Note 3.

Investment in associate, note receivable

The recoverability of the note receivable from associate is dependent on successful negotiations with Xtierra and other creditors. Management believes that the amount is recoverable given the security in place, however, there is no assurance the amount will be fully recovered. See Note 14.

Contingencies

See Note 22.

p) Key sources of estimation uncertainty

Preparation of financial statements requires directors to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. The nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation uncertainty are discussed below:

Share-based payments

Estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. Estimates have been made as to the volatility of its own shares, the probable life of options granted and the time of exercise of those options. The model used is the Black-Scholes valuation model.

Warrants

The fair value of the warrants is estimated at the issue date using the Black-Scholes option pricing model with estimates of the volatility of company and/or associate shares, expected dividend yield and a risk-free interest rate.

Investment in subsidiaries and associates

At balance sheet date, the carrying amounts of investments in subsidiaries and associates are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. The recoverable amount of those assets was estimated in order to determine the extent of any impairment loss.

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2. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

p) Key sources of estimation uncertainty (continued)

Income, value added, withholding and other taxes

The Company is subject to income, value added, withholding and other taxes. Significant judgment is required in determining the Company's provisions for taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. The determination of the Company's income, value added, withholding and other tax liabilities requires interpretation of complex laws and regulations. The Company's interpretation of taxation law as applied to transactions and activities may not coincide with the interpretation of the tax authorities. All tax related filings are subject to government audit and potential reassessment subsequent to the financial statement reporting period. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax related accruals and deferred income tax provisions in the period in which such determination is made.

Impairment of exploration and evaluation assets

The assessment of exploration and evaluation assets for any indications of impairment involves judgement. If an indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that carrying amount exceeds recoverable amount. Recoverable amount is estimated as the higher of fair value less costs to sell and value in use. The assessment requires judgement as to the likely future commerciality of the asset and when such commerciality should be determined; future revenues, capital and operating costs and the discount rate to be applied to such revenues and costs.

Mineral reserve estimates

The figures for mineral reserves and mineral resources are determined in accordance with National Instrument 43-101, "Standards of Disclosure for Mineral Projects", issued by the Canadian Securities Administrators. There are numerous uncertainties inherent in estimating mineral reserves and mineral resources, including many factors beyond the Company's control. Such estimation is a subjective process, and the accuracy of any mineral reserve or mineral resource estimate is a function of the quantity and quality of available data and of the assumptions made and judgments used in engineering and geological interpretation. Differences between management's assumptions including economic assumptions such as metal prices and market conditions could have a material effect in the future on the Company's financial position and results of operation.

Estimation of asset retirement obligations and the timing of expenditure

The cost estimates are updated annually during the life of a mine to reflect known developments, (e.g. revisions to cost estimates and to the estimated lives of operations), and are subject to review at regular intervals. Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is estimated based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration or similar liabilities that may occur upon decommissioning of the mine. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

q) Changes in accounting policies

During 2016, the Company adopted a number of new IFRS standards, interpretations, amendments and improvements of existing standards. These included IFRS7, IAS1, IAS27 and IAS 38. These new standards and changes did not have any material impact on the Company's financial statements.

r) New standards and interpretations not yet adopted

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods on or after January 1, 2017 or later periods. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 2 – Share-based Payment ("IFRS 2") was amended by the IASB in June 2016 to clarify the accounting for cash-settled share-based payment transactions that include a performance condition, the classification of share-based payment transactions with net settlement features and the accounting for modifications of share-based payment transactions from cash-settled to equity-settled. The amendments are effective for annual periods beginning on or after January 1, 2018.

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2. STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

r) New standards and interpretations not yet adopted

IFRS 9 – Financial Instruments (“IFRS 9”) was issued by the IASB in November 2009 with additions in October 2010 and May 2013 and will replace IAS 39 Financial Instruments: Recognition and Measurement (“IAS 39”). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9, except that an entity choosing to measure a financial liability at fair value will present the portion of any change in its fair value due to changes in the entity’s own credit risk in other comprehensive income, rather than within profit or loss. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

IFRS 10 – Consolidated Financial Statements (“IFRS 10”) and IAS 28 – Investments in Associates and Joint Ventures (“IAS 28”) were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.

IFRS 12 – Disclosure of Interests in Other Entities (“IFRS 12”) was amended to clarify the scope of the standard to include interests that are classified as held for sale; held for distribution or as discontinued operations in accordance with IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations. The amendments are effective for annual periods beginning on or after January 1, 2017.

IFRS 16 – Leases (“IFRS 16”) was issued in January 2016 and replaces IAS 17 – Leases as well as some lease related interpretations. With certain exceptions for leases under twelve months in length or for assets of low value, IFRS 16 states that upon lease commencement a lessee recognises a right-of-use asset and a lease liability. The right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment. A lessee shall either apply IFRS 16 with full retrospective effect or alternatively not restate comparative information but recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application. IFRS 16 requires that lessors classify each lease as an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. Otherwise it is an operating lease. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

IAS 7 – Statement of Cash Flows (“IAS 7”) was amended in January 2016 to clarify that disclosures shall be provided that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments are effective for annual periods beginning on or after January 1, 2017.

IAS 12 – Income Taxes (“IAS 12”) was amended in January 2016 to clarify that, among other things, unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument’s holder expects to recover the carrying amount of the debt instrument by sale or by use; the carrying amount of an asset does not limit the estimation of probable future taxable profits; and estimates for future taxable profits exclude tax deduction resulting from the reversal of deductible temporary differences. The amendments are effective for annual periods beginning on or after January 1, 2017.

IAS 40 – Transfers of Investment Property (“IAS 40”) was amended to clarify that an investment property shall be transferred to, or from, investment property when, and only when, there is evidence of a change in use. IAS 40 is effective for annual periods beginning on or after January 1, 2018.

IFRIC 22 – Foreign Currency Transactions and Advance Consideration (“IFRIC 22”) was issued in December 2016 and addresses foreign currency transactions or parts of transactions where there is consideration that is denominated in a foreign currency; a prepaid asset or deferred income liability is recognised in respect of that consideration, in advance of the recognition of the related asset, expense or income; and the prepaid asset or deferred income liability is non-monetary. The interpretation committee concluded that the date of the transaction, for purposes of determining the exchange rate, is the date of initial recognition of the non-monetary prepaid asset or deferred income liability. IFRIC 22 is effective for annual periods beginning on or after January 1, 2018.

MINCO PLC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED 31 DECEMBER 2016 AND 2015

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3. GOING CONCERN

The preparation of financial statements requires an assessment on the validity of the going concern assumption. The validity of the going concern concept is dependent on finance being available for the continuing working capital requirements of the Group and finance for the development of the Group's projects becoming available. Based on the assumptions that such finance will become available, the Directors believe that the going concern basis is appropriate for these accounts. Should the going concern basis not be appropriate, adjustments would have to be made to reduce the value of the assets, in particular the exploration and evaluation assets, to their realisable values. Such adjustments could be material.

For the year ended 31 December 2016, the Group recorded a loss of \$775. At that date, the Group and the Company had positive cash balances of \$2,351 and \$116, respectively, and accordingly, the Directors are satisfied that it is appropriate to prepare the financial statements of the Company and Group on a going concern basis.

4. EMPLOYEE INFORMATION

	2016	2015
	Number of employees	Number of employees
Directors, management and administration	7	8
Operatives	5	5
	12	13
Staff costs for the above persons:	\$	\$
Wages and salaries	547	631
Social security costs	25	34
	572	665
Capitalised as exploration and evaluation assets	410	452
Charged to the statement of comprehensive income	162	213
	572	665

5. RELATED PARTY TRANSACTIONS

Group

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation.

The remuneration of Directors, for the year ended 31 December 2016, who are the key management personnel of the Company, is set out below in accordance with IAS 24 'Related Party Disclosures'.

Directors' Remuneration	Salaries in cash	Fees in cash	Options	Total 2016	Salaries in cash	Fees in cash	Options	Total 2015
	\$	\$	\$	\$	\$	\$	\$	\$
John Kearney	-	-	-	-	-	-	-	-
Terence McKillen	-	-	-	-	-	-	-	-
Danesh Varma	36	-	-	36	58	-	-	58
Patrick D. Downey	-	-	-	-	-	-	-	-
Rowan N. Maule	-	-	-	-	-	26	-	26
Peter McParland	-	-	-	-	-	-	-	-
Michael Power	-	-	-	-	-	-	-	-
Warren MacLeod	158	-	-	158	164	-	-	164
Total	194	-	-	194	222	26	-	248

No fees were paid by the Group to directors for their services as directors of the Company in the years ended 31 December 2016 or 31 December 2015.

No salaries were paid by the Company to any Directors of the Company in the years ended 31 December 2016 or 31 December 2015, other than to Danesh Varma, Finance Director and Secretary of the Company was paid an amount \$36 (2015 – \$58), and Warren MacLeod, President of Buchans Minerals Corp., was paid an amount of Cdn\$17.5 per month, or \$158 (2015 – \$164).

MINCO PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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6. SEGMENTAL ANALYSIS

Segment Result	Segment result	
	2016	2015
	\$	\$
Continuing Operations		
Ireland	(327)	(533)
Canada	(468)	(234)
U.K.	4	1
Total for continuing operations	<u>(791)</u>	<u>(766)</u>
Foreign exchange	<u>16</u>	<u>648</u>
Loss for the year	<u>(775)</u>	<u>(118)</u>
Consolidated loss	<u>(775)</u>	<u>(118)</u>

There was no revenue from operations earned during the period.

Segment assets and liabilities

	Assets		Liabilities	
	2016	2015	2016	2015
	\$	\$	\$	\$
Ireland	939	767	(394)	(381)
Canada	10,008	9,283	(123)	(67)
U.K.	2,071	2,468	(46)	(66)
Mexico (investment in associate)	560	457	-	-
	<u>13,578</u>	<u>12,975</u>	<u>(563)</u>	<u>(514)</u>
Cash and cash equivalents	<u>2,351</u>	<u>3,974</u>	-	-
Consolidated	<u>15,929</u>	<u>16,949</u>	<u>(563)</u>	<u>(514)</u>

Additions to non-current assets

	2016	2015
	\$	\$
Ireland	166	18
Canada	643	843
U.K.	22	195
	<u>831</u>	<u>1,056</u>

7. OPERATING GAIN / (LOSS)

Operating profit/(loss) is stated after charging/(crediting) the following items:

	2016	2015
	\$	\$
General and administrative expenses of the Group comprise:		
Professional fees including audit and legal	(284)	(324)
Company Directors' remuneration expense	(83)	(107)
Office expenses	(210)	(103)
Investor and public relations	(107)	(83)
Sundry expense	(88)	(194)
	<u>(772)</u>	<u>(811)</u>
Foreign exchange gain	<u>16</u>	<u>648</u>
Operating loss before taxes	<u>(756)</u>	<u>(163)</u>

MINCO PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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8. AUDITORS' REMUNERATION

The analysis of auditors' remuneration is as follows:

	2016	2015
	\$	\$
Group		
Audit of group accounts	52	89
Other assurance	-	-
Tax advisory services	3	3
Other non audit services	28	14
Total	83	106
Company		
Audit of company accounts	52	89
Other assurance	-	-
Tax advisory services	3	3
Other non audit services	28	-
Total	83	92

9. FINANCE INCOME

	2016	2015
	\$	\$
Interest income	68	59

10. INCOME TAX EXPENSE

a) Provision for Income Taxes

Major items causing the Company's effective income tax rate to differ from the Ireland statutory rate of 25% (2015 – 25.0%), "excepted trade", were as follows:

	2016	2015
	\$	\$
<u>(Loss) before income taxes</u>	<u>(688)</u>	<u>(104)</u>
	25.00%	25.00%
Expected income tax recovery based on statutory rate	(172)	(26)
Adjustment to expected income tax benefit:		
Foreign exchange and other	87	804
Differences in tax rate	(135)	(256)
Change in benefit of tax assets not recognised	307	(508)
<u>Deferred income tax provision</u>	<u>87</u>	<u>14</u>

b) Deferred Income Taxes

Recognised deferred tax assets and liabilities:

	2016	2015
	\$	\$
Non-capital loss carry-forwards - Canada	1,351	1,476
Intangible assets - Canada	(1,351)	(1,476)
<u>Deferred income tax liability</u>	<u>-</u>	<u>-</u>

MINCO PLC**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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10. INCOME TAX EXPENSE (CONTINUED)

Deferred income tax assets have not been recognised in respect of the following deductible temporary differences as their recoverability is not considered probable:

	2016	2015
	\$	\$
Non-capital loss carry-forwards - UK and Ireland	5,025	5,196
Non-capital loss carry-forwards - Canada	3,262	3,492
Share issue costs - Canada	-	4
Property, plant and equipment - Canada	22	73

No deferred tax asset has been recognised on the temporary differences related to the Company's investment in its associate to the extent that the Company controls the timing of the reversal of the temporary differences and it is probable that these differences will not reverse in the foreseeable future.

The losses in Canada generally expire within 20 years, being from 2026 to 2036. The losses in the UK and Ireland do not generally expire.

11. EARNINGS / (LOSS) PER SHARE

Basic loss per share is computed by dividing the loss after taxation for the period available to ordinary shareholders by the sum of the weighted average number of ordinary shares in issue and ranking for dividend during the period. Diluted loss per share is computed by dividing the loss after taxation for the period by the weighted average number of ordinary shares in issue, adjusted for the effect of all potential dilutive ordinary shares that were outstanding during the period. Basic and diluted losses per share are the same, as the effect of the outstanding share options is anti-dilutive, and is therefore excluded. The computation for basic and diluted loss per share is as follows:

	2016	2015
	\$	\$
Numerator		
Earnings/(loss) for the year	(775)	(118)
Denominator	No. of Shares	No. of Shares
Weighted average number of shares - basic	478,142,184	478,142,184
Weighted average number of shares - diluted	478,142,184	478,142,184
Basic earnings/(loss) per share (US cents per share)	(0.16)	(0.02)
Diluted earnings/(loss) per share (US cents per share)	(0.16)	(0.02)

12. EXPLORATION AND EVALUATION ASSETS

	31 December	Foreign	Additions	31 December	Foreign	Additions	31 December
	2016	Exchange	\$	2015	Exchange	\$	2014
	\$	\$	\$	\$	\$	\$	\$
Ireland	878	(24)	166	736	(82)	18	800
Woodstock	3,303	(20)	137	3,186	(598)	167	3,617
Buchans	6,088	131	477	5,480	(993)	635	5,838
Bobbys Pond	537	24	29	484	(94)	41	537
Pennines	2,057	(420)	22	2,455	(124)	195	2,384
Total	12,863	(309)	831	12,341	(1,891)	1,056	13,176

All exploration and evaluation assets are carried at cost less any applicable impairment provision. The Directors reviewed the exploration and evaluation assets at 31 December 2016 and 2015 and are satisfied that the exploration projects have potential to achieve mine production and positive cash flows. No impairment provision has been recognised.

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12. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Exploration and evaluation activities are subject to various laws and regulations governing the protection of the environment. These laws and regulations are continually changing and generally becoming more restrictive. The Company/Group believe its operations are materially in compliance with all applicable laws and regulations. The Company has made, and expects to make in the future, expenditures to comply with such laws and regulations. The Group's activities are also subject to a number of significant potential risks, see Note 2(o).

The realisation of the exploration and evaluation assets is dependent on the successful development of economic resources, including the ability to raise finance to develop the projects. Should this prove unsuccessful the value included in the balance sheet would be written off. The Directors are aware that by its nature there is an inherent uncertainty as to the value of the asset.

Ireland

The Company, through its wholly owned subsidiary Minco Ireland Limited, holds three Prospecting Licenses, 1228, 1229 and 3981, in County Westmeath, Ireland. Minco also holds a 20% interest in Prospecting License 1440R in Tatestown, Ireland, the subject of a joint venture between Westland Exploration Ltd. (100% Minco subsidiary) and Tara-Boliden Mines Limited.

The Company also holds a 2% net smelter royalty on the Curraghinalt gold deposit in Northern Ireland. See Note 22.

Pennines - UK

The Company, through its wholly owned subsidiary Minco Mining Limited, has entered into various agreements, licences and options with certain owners of mineral rights in the North Pennine Orefield located in the counties of Cumbria, Northumberland and Durham in northern England.

The Company, through its wholly owned subsidiary Minco Mining Limited, entered into an Option Agreement with the Crown Commissioners on behalf of the Crown Estates pursuant to which, in consideration of the payment of an option fee of £5,000, the Company was granted the option to take a lease of Crown Minerals, subject to having obtained planning permission, on any part of the option area which covers approximately 20,000 hectares in Northumberland and County Durham. The Lease would be subject to an annual rent of £20,000 pounds sterling and subject to a royalty of 4% of the Net Realisable Value of gold or silver mined from the area.

The Company, through its wholly owned subsidiary Minco Mining Limited, entered into Heads of Terms for a Prospecting Licence and Option Agreement to take a Lease with the Church Commissioners for England on Demised Minerals, (including lead, zinc, pyrite, copper, fluorspar, barites and associated any intermingled minerals) owned by the Church Commissioners at West Weardale in County Durham subject to the rights of the surface owners. The Option is for a period of five years, subject to the payment of an option fee of £7,000 per year, and may be extended for a further period of five years. The Lease would be subject to planning permission and subject to an annual rent of £25,000 and a royalty of 2.5% of the Net Smelter Return earned on the Demised Minerals.

The Company, through its wholly owned subsidiary Minco Mining Limited, has been granted mineral exploration licences or permissions by the Trustees of the Allendale Settled Estates in Northumberland and by the Trustees for Roman Catholic Purposes on the Alston Estate in Cumbria. Under these mineral exploration licences the Company was granted the right to explore and test for minerals, subject to the rights of the surface owners, for various terms. The Company expects, subject to the registration of ownership of mineral rights, to enter into Option Agreements to take Mineral Leases with the Allendale Estate in Northumberland and with the Alston Estate in Cumbria which are expected to be on similar terms to the Option Agreement with the Church Commissioners in Durham.

The Company is negotiating extensions or amendments to certain of the exploration licences and option agreements, and expects to conclude the various Option Agreements in due course. If the proposed Option Agreements cannot be concluded on acceptable terms, impairment may be recorded.

Woodstock – Canada

The Company, through its wholly-owned subsidiary Canadian Manganese Corp., holds a 100% interest in the Woodstock project located northwest of the town of Woodstock, New Brunswick. A portion of the project is subject to a 1% gross sales royalty upon commencement of commercial production, with the Company retaining certain rights to buy back one half of the royalty.

Buchans – Canada

The Company, through its wholly-owned subsidiary, holds two mining leases each with a 25 year term from 2013, which require total annual lease payments of \$115 (Cdn\$154,500). Buchans is located in central Newfoundland and covers the former producing Buchans Mine and the Company's undeveloped Lundberg deposit. Certain of the claims and portions thereof are subject to net smelter royalties ranging from 1% to 3%, certain of which are subject to buy-back agreements.

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12. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

The Tulks North project is 100% owned by the Company, through its wholly-owned subsidiary Buchans Minerals Corp., and is located in the Victoria Lake Mining district of west-central Newfoundland. The Tulks North project includes the Daniels Pond deposit which is subject to a 1.5% net smelter royalty.

The Bobbys Pond deposit, adjacent to Tulks North, is 100% owned by the Company, through its wholly-owned subsidiary Centrerock Mining Limited. Bobbys Pond is held under a mining lease with a 25 year term from 2004, which requires an annual lease payment of \$22 (Cdn\$29,000). The Bobbys Pond property is also subject to a 1% net smelter return royalty and a 2% net smelter royalty.

The Company, through its wholly-owned subsidiary Buchans Minerals Corp., has a 49% interest in the Tulks Hill project in central Newfoundland which is held under a joint exploration agreement with Prominex Resource Corp. which is the project operator. The property is subject to a 2% net smelter royalty.

The Long Range project is under a 50/50 joint exploration agreement with Benton Resources Inc. ("Benton") and is located in central Newfoundland and Labrador. The Company, through its wholly-owned subsidiary Buchans Minerals Corp., is the project operator. Benton elected to not participate in certain work programmes on the Long Range Property and Benton is subject to dilution. The property is subject to net smelter royalties of up to 2% of which 1% can be purchased for \$1,000.

13. INVESTMENT IN SUBSIDIARIES

	2016	2015
	\$	\$
Company		
Investments at cost:		
Opening shares, 1 January 2016 and 2015	16,538	10,992
Buchans Resources Limited	-	16,538
Transfer of subsidiaries to Buchans Resources Limited	-	(10,992)
Foreign exchange adjustment	-	-
Closing shares, 31 December 2016 and 2015	16,538	16,538

The recovery of the investment in subsidiaries is dependent on the successful realisation of exploration and evaluation assets through the development of economic ore reserves, as outlined in Note 2(p). At the balance sheet date, the Company reviewed the carrying amounts of its subsidiary companies to determine whether there was any indication that those assets have suffered an impairment loss.

The principal subsidiaries of the Company at 31 December 2016 are as follows:

Name of Company	Registered office	Effective Holding	Principal Activity
Buchans Resources Limited	55 University Ave., Suite 1805 Toronto, ON, M5J 2H7, Canada	100%	Investment
Buchans Minerals Corporation	55 University Ave., Suite 1805	100%	Exploration
Canadian Manganese Company Inc.	Toronto, ON	100%	Exploration
7980736 Canada Inc.	M5J 2H7, Canada	100%	Exploration
Centrerock Mining Limited	55 University Ave., Suite 1805 Toronto, ON, M5J 2H7, Canada	100%	Exploration
Norsub Limited	Box 25, Regency Court, Glatigny St. Peter Port, Guernsey, GY1 3AP	100%	Investment
Minco Ireland Limited	Ardbraccan, Navan, Co. Meath, Ireland	100%	Exploration
Westland Exploration Limited	Ardbraccan, Navan, Co. Meath, Ireland	100%	Exploration
Minco Mining Limited	9 Little Trinity Lane, London EC4V 2AN	100%	Exploration
Zacatecas Exploration Limited	9 Little Trinity Lane, London EC4V 2AN	100%	Management services

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14. INVESTMENT IN ASSOCIATE

The Group holds indirectly 30 million shares, representing an approximate 26% shareholding of Xtierra Inc., a company listed on the TSX Venture Exchange. The value of the Group's share of net assets of Xtierra Inc. is \$nil as a result of the Company's accounting policy. The fair value of the investment in Xtierra as at 10 April 2017 based on market price of Xtierra shares on the TSX Venture Exchange was \$900.

In December 2013, the Company agreed to provide working capital financing to Xtierra, and agreed to purchase \$250 principal amount of 5% working capital notes due 31 March 2014. In April 2014, the Company agreed to provide a further working capital advance to Xtierra of \$125 which together with the \$254 working capital Notes, including \$4 interest, were rolled into new non-convertible 5% secured notes (total \$379) due 30 April 2015.

On 29 April 2015, Pacific Road and Minco plc, both agreed to extend the due dates of the non-convertible 5% secured notes in the amount of \$965 from 30 April 2015 to 31 August 2015, and to provide further advances up to \$15 each. On 24 August 2015, Pacific Road and Minco both agreed to further extend the due dates of the Notes from 31 August 2015 to 31 January 2016 and to provide further advances of up to \$17.5 each to fund Xtierra's property maintenance costs and working capital. Xtierra agreed to a fee of \$29 to obtain the extension, which amount was added to the principal amount of the Notes. On 31 January 2016, Pacific Road and Minco both agreed to an extension of the maturity dates of the secured notes to 30 April 2016.

The Notes matured and became due and payable on 30 April 2016. Pacific Road and Minco have not made demands for payment to provide Xtierra additional time to assess its strategic alternatives and are discussing possible solutions with Xtierra on a without prejudice basis. Xtierra has made certain settlement or restructuring proposals to each of Pacific Road and Minco.

On 26 July 2016, the Company made an advance in the amount of \$50 and on 8 December 2016, the Company made a further advance in the amount of \$25 in Notes to fund Xtierra's working capital and maintain its mineral properties. As at 31 December 2016, the Company had total Notes receivable from Xtierra in the amount of \$559 (2015 - \$457), and Pacific Road had notes receivable from Xtierra in the amount of \$691.

The Notes are secured, pari-passu with Pacific Road Group of Funds (another significant shareholder of Xtierra), by the pledge by Xtierra of the shares of its wholly owned subsidiary Orca Minerals Limited, which indirectly holds Xtierra's Mexican assets. The security includes various standard provisions, including the right of the lenders to enforce their security in an event of default, including default in payment on the notes when due, which enforcement remedies include foreclosure against the pledged shares of Orca Minerals Limited. Pacific Road has advised Xtierra that Pacific Road desires to see this process come to a conclusion in the near term and, in the absence of an acceptable outcome, Pacific Road reserves all its rights to demand repayment of the Notes and if necessary to initiate foreclosure actions

15. RECEIVABLES AND OTHER

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Trade receivables and prepayments	93	80	10	18
Sales taxes receivable	54	88	27	13
	<u>147</u>	<u>168</u>	<u>37</u>	<u>31</u>

The carrying value of the receivables approximates to their fair value. In the opinion of Directors the amounts above are considered to be fully recoverable.

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16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Cash	542	440	116	112
Cash equivalents	1,809	3,534	-	-
Immediately available without restriction	2,351	3,974	116	112

Cash and cash equivalents comprise cash balances held for the purposes of meeting short-term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value. Where investments are categorised as cash equivalents, the related balances have a maturity of three months or less from the date of investment. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the cash requirements of the Company, and earn interest at the respective short-term deposit rates at floating rates.

The currency profile of cash and cash equivalents at the end of the period was as follows:

	\$	\$
Euro	52	61
US Dollars	2,091	3,785
Canadian Dollars	86	93
Sterling	122	35
	2,351	3,974
Company		
Euro	1	9
US Dollars	4	86
Canadian Dollars	6	16
Sterling	105	1
	116	112

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
Trade creditors and accruals	348	296	255	231
Advances from subsidiaries	-	-	202	43
Amounts due to related parties	215	218	44	46
	563	514	501	320

It is the Group's normal practice to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the agreed terms, it is the Group's policy that payment is made as they fall due. The carrying value of the trade creditors and accruals approximates to their fair value. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The amounts due to related parties are due on demand, unsecured and non-interest bearing.

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18. SHARE CAPITAL

	Ordinary shares of €0.0125 each		Deferred shares of €0.0625 each		Total
	Number '000	Nominal value '000	Number '000	Nominal value '000	Nominal value '000
Authorised share capital					
At 31 December 2016, 2015 and 2014	700,000	€ 8,750	38,000	€ 2,375	€ 11,125
Issued share capital					
At 31 December 2016, 2015 and 2014	478,142	US\$7,761	38,000	US\$2,106	US\$9,767

19. PARENT COMPANY, MINCO PLC, STATEMENT OF COMPREHENSIVE INCOME

In accordance with section 304(1) of the Companies' Act 2014, the Company is availing of the exemption from presenting its individual Statement of Comprehensive Income to the Annual General Meeting and from filing it with the Registrar of Companies. The loss in the parent Company amounted to \$173 (2015: \$3,987).

20. SHARE-BASED PAYMENTS

Equity-settled share options

The board of directors has granted share options to directors, officers, employees, consultants and service providers who perform ongoing services for the Group. The purpose of the options is to attract, retain and motivate these parties by providing them with the opportunity to acquire a proprietary interest in the Company and to benefit from its growth. The options are non-assignable and may be granted for a term not exceeding ten years. The exercise price of the options is fixed by the Board of Directors at the market price of the shares at the time of grant, subject to all applicable regulatory requirements. Options are forfeited if the optionee ceases to be associated with the Company before the options vest.

There was no share-based payment expense in the years ended 31 December 2016 or 2015.

The following is a continuity of outstanding share options:

	2016 Number of share options	Weighted average exercise price (in Stg pence)	2015 Number of share options	Weighted average exercise price (in Stg pence)
Outstanding at beginning of the year	12,714,530	5.39	16,745,410	5.97
Changes during the year:				
Expired	(5,494,250)	6.50	(4,030,880)	7.80
Outstanding at end of the year	7,220,280	0.06	12,714,530	5.39
Exercisable at the end of the year	7,220,280	0.06	12,714,530	5.39

Outstanding options at 31 December 2016 were as follows:

Number of Options Granted and Exercisable at 31 December 2016	Share-based Payment Reserve \$'000	Exercise Price	Expiry Date
804,524	13	£0.078	21 June 2017
5,750,000	186	£0.050	20 December 2017
665,756	10	£0.078	07 January 2018
Total	209		

The total number of options over ordinary shares outstanding at 31 December 2016 was 7,220,280 (2015: 12,714,530). The options held by Directors are detailed in the Directors' report.

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20. SHARE-BASED PAYMENTS (CONTINUED)

The options outstanding at 31 December 2016 had a weighted average exercise price of £0.056, and a weighted average remaining contractual life of 0.93 years.

At 31 December 2016, there were 33,040 share purchase warrants outstanding entitling the holders to purchase shares at an exercise price of £0.069 (\$0.11) per share, and expiring 23 August 2017.

21. FINANCIAL INSTRUMENTS AND COMMITMENTS

The Group's financial instruments comprise cash balances and various items such as trade receivables and trade payables which arise directly from trading operations. The Group also enters into derivative transactions, primarily warrants and convertible notes. The main purpose of these financial instruments is to provide working capital to finance Group operations. The Group undertakes certain transactions denominated in foreign currencies, hence, exposures to exchange rate fluctuations arise. The Group's cash balances are held in Euro, Sterling, US and Canadian Dollars.

The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and a monthly review of expenditure. The Group has a policy of not hedging and therefore takes market rates in respect of foreign exchange risk; however, it does review its currency exposures regularly and may consider the use of currency hedges in the future.

Interest rate risk

The Group finances its operations through the issue of equity shares, and has no fixed interest rate agreements. The Group had \$2,351 in cash and cash equivalents at 31 December 2016. A one percent change in interest rates will result in a corresponding change in interest income of approximately \$23.5 based on cash and cash equivalents balances existing at 31 December 2016.

Liquidity risk

The Group's liquidity exposure is confined to meeting obligations under short term trade creditor agreements. This exposure is financed from a combination of cash, additional issues of ordinary equity shares and other financing arrangements.

Capital management

The primary objective of the Group's capital management is to ensure that it maintains an adequate capital ratio in order to support its business and enhance shareholder value. The capital structure of the Group consists of issued share capital and reserves. The Group manages its structure and makes adjustments to it, in light of the changes in economic conditions. No changes were made in the objectives, policies or processes during the period ended 31 December 2016. The Group's only capital requirement is its authorised minimum capital as a plc.

Foreign currency risk

Although the Company is incorporated in Ireland, the Group has significant operations in UK, Canada and Mexico, none of which presently generate cash from operations, and holds cash investments in Euros, Sterling, Canadian or US Dollars. The functional currencies of the majority of the Group's operations are UK Sterling, the Euro and the Canadian Dollar; the reporting currency of the Group is the US Dollar. However, the expenditure is not considered to be a monetary asset, and has been translated to the functional currency at the rates of exchange ruling at the dates of the original transactions. The Group also has transactional currency exposures. Such exposures arise from expenses incurred by the Group in currencies other than the functional currency.

The Group seeks to minimise its exposure to currency risk by closely monitoring exchange rates. The Group does not presently utilise swaps or forward contracts to manage its currency exposures, although such facilities may be used where appropriate in the future. The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting dates are set out below. The net currency exposure of the gross monetary assets of the Group was as follows:

Date	Sterling	US\$	Canadian	Euro	Total
	\$	\$	\$	\$	\$
31 December 2016	90	2,091	35	(138)	2,078
31 December 2015	(17)	3,785	150	(231)	3,687

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21. FINANCIAL INSTRUMENTS AND COMMITMENTS (CONTINUED)

The impact of foreign currencies has been determined based on the balances of financial assets and liabilities at 31 December 2016. The sensitivity analysis includes outstanding foreign currency denominated monetary items and largely results from payables and receivables, and adjusts their translation at the period end for a 5% change in foreign currency rates. A five percent change in the US Dollar exchange rate could result in a foreign exchange impact to the net income of approximately \$105 based on monetary assets and liability balances existing at 31 December 2016.

Lease commitments

The Company's wholly-owned Canadian subsidiary Buchans Resources Limited has entered into a lease for its office premises, which expires on 31 January 2019. The yearly rental payments amount to approximately \$160, approximately half of which the Company expects to recover from other corporations with some common directors and officers that share part of the office premises.

Credit risk

With respect to credit risk arising from financial assets of the Group, which comprise of cash and cash equivalents, cash deposits give rise to credit risks on the amounts due from counter-parties. The Company controls and monitors the distribution of this exposure by ensuring that all financial instruments are held with reputable and financially secure institutions and that exposure to credit risk is distributed across a number of institutions. At 31 December 2016 all cash, short term deposits had a maturity date of 30 days or less. Credit risk is actively managed across the portfolio of institutions by ensuring that material surplus funds are placed with counter-parties that are either covered by Government guarantee schemes or have a credit rating of at least BBB-.

22. SUBSEQUENT EVENTS

On 21 March 2017, the Company announced that it is in discussions with Dalradian Resources Inc. ("Dalradian") regarding the possible disposal of its 2% net smelter return royalty on the Curraghinalt gold deposit ("Royalty"), which is currently being developed by Dalradian ("Royalty Disposal") in return for the issue of a total of 15,490,666 new Dalradian Shares valued at C\$20 million, in total, based on the volume weighted average price of Dalradian shares on the Toronto Stock Exchange for the five trading day period ending on the day prior to 21 March 2017.

It is proposed that the Royalty Disposal would be structured as an offer by Dalradian for the acquisition of the entire issued share capital of Minco (the "Possible Offer"). It is intended that the Possible Offer would be implemented by means of a scheme of arrangement, under Section 450 of the Companies Act 2014 of Ireland ("Scheme"). As part of the Scheme, it is proposed that Minco would undertake a demerger of its wholly owned subsidiary Buchans Resources Limited ("Buchans") a wholly owned subsidiary of Minco, by way of a transfer in specie of the shares of Buchans to Minco Shareholders (the "Demerger").

Following the Demerger Minco shareholders would be issued 11,618,000 new Dalradian Shares which would represent 75% of the total shares to be issued by Dalradian in connection with the Royalty Disposal. The balance of 3,872,666 new Dalradian Shares, being 25% of the total, would be issued directly to Buchans, which would then be wholly owned by Minco Shareholders. There can be no certainty that the Royalty Disposal will be completed or that the Possible Offer will be made by Dalradian.