# MINCO PLC

**MANAGEMENT DISCUSSION AND ANALYSIS**

**For the year ended December 31, 2016**

Dated April 10, 2017

**(Expressed in US Dollars, except per share amounts)**

(Form 51-102F1)

*Date: April 10, 2017*

**GENERAL**

The following management discussion and analysis ("MD&A") of financial condition and results of operations of Minco plc ("Minco" or the "Company"), should be read in conjunction with the audited consolidated financial statements and the notes thereto for the year ended December 31, 2016, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All dollar amounts are stated in US dollars, unless otherwise noted.

**COMPANY OVERVIEW**

Minco Plc, registered in the Republic of Ireland and listed on the AIM Market of the London Stock Exchange ("MIO"), is an exploration and development company, currently engaged in zinc-lead exploration in Canada, the United Kingdom and Ireland, and in evaluating a manganese project in New Brunswick, Canada and with investments in zinc-silver projects in Mexico through holding 30 million shares (approximately 26%) in Xtierra Inc. listed on the TSX Venture Exchange (TSX.V-"XAG").

Minco also holds a 2% Net Smelter Return ("NSR") royalty on the Curraghinalt gold property in Northern Ireland, which is being explored and developed by Dalradian Resources Inc. (TSX-"DNA") ("Dalradian").

On March 21, 2017, the Company announced that it is in discussions with Dalradian regarding the possible disposal of its 2% net smelter return royalty on the Curraghinalt gold deposit (the "Royalty Disposal") in return for the issue of a total of 15,490,666 new Dalradian Shares valued at C$20,000,000, 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 March 21, 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.

## CENTRAL NEWFOUNDLAND BASE METAL PROJECTS - METALLURGICAL STUDIES

During 2016, Minco, through its wholly owned subsidiary Buchans Minerals Corporation ("Buchans Minerals), in a collaboration agreement with Canadian Zinc Corporation (TSX:CZN) successfully completed a research programme to evaluate the metallurgical characteristics of their respective volcanogenic massive sulphide ("VMS") Zn-Pb-Cu-Ag-Au base metal deposits in central Newfoundland .

The metallurgical research study demonstrated that the ore from Minco's Lundberg, Daniels Pond and Bobby's Pond deposits can be successfully processed in a central mill using a sequential flotation flowsheet, and that selective zinc, lead and copper concentrates at marketable grades can be produced from these deposits.

The programme focused its evaluation on five VMS deposits, three held by Minco (Lundberg, Bobbys Pond and Daniels Pond) and two held by Canadian Zinc (Lemarchant and Boomerang-Domino). The Lundberg deposit is the largest, most advanced property in terms of resource definition, mine planning (with the potential to have an open pit mine), metallurgical testing and economic studies completed to date. All the other mineral deposits (Bobbys Pond, Daniels Pond, Lemarchant and Boomerang-Domino) are smaller, higher grade deposits, amenable to underground mining, that may not individually support a mine and processing operation. The principal goal of the research program was to assess the technical and economic viability of developing a number of these mineral deposits utilizing a common central processing facility.

(Expressed in US Dollars)

The metallurgical portion of the program was successful in confirming that selective zinc, lead and copper concentrates at marketable grades can be produced using a common flotation flowsheet for all five deposits. The positive results from the metallurgical test program strongly support the development of the sequential flotation technology for processing of the central Newfoundland deposits using a centralized processing facility.

The economic assessment portion of the program applied a Process Simulation and Cost Assessment model order of magnitude / conceptual assessment) to evaluate and identify the key factors impacting the operating economics of a centralized processing concept for the production of the base metal concentrates. The economic assessment completed various scenarios that considered three possible processing facility locations, the possible benefits of dense media separation ("DMS") and three alternative tonnage throughput rates for the processing facility.

Multiple conceptual economic scenarios at three potential sites were developed to simulate the proposed centralized milling concept. The variables assessed included the different potential mill sites, with or without DMS, new or used process equipment, mining rate, and processing feedstock composition for each deposit. Lundberg, being the largest but lowest grade deposit, was considered the main plant feed and Lemarchant, Boomerang, Daniels Pond and Bobbys Pond were treated as satellite deposits.

| Deposit | Category | Tonnes | Zn (%) | Pb (%) | Cu (%) | Ag (g/t) | Au (g/t) | Cut Off |
|---|---|---|---|---|---|---|---|---|
| Lundberg[1] | Indicated | 23,440,000 | 1.41 | 0.60 | 0.35 | 5.3 | 0.07 | $15 US NSR |
| | Inferred | 4,310,000 | 1.29 | 0.54 | 0.27 | 4.5 | 0.08 | $15 US NSR |
| Daniels Pond[2] | Indicated | 929,000 | 5.13 | 2.50 | 0.34 | 101.4 | 0.63 | 2% Zn |
| | Inferred | 332,000 | 4.61 | 2.13 | 0.03 | 85.9 | 0.53 | 2% Zn |
| Bobbys Pond[3] | Indicated | 1,095,000 | 4.61 | 0.44 | 0.86 | 16.6 | 0.20 | 1.1% Cu equiv. |
| | Inferred | 1,177,000 | 3.75 | 0.27 | 0.95 | 11.0 | 0.06 | 1.1% Cu equiv. |
| Boomerang[4] | Indicated | 1,364,600 | 7.09 | 3.00 | 0.51 | 110.4 | 1.66 | 1% Zn |
| | Inferred | 278,100 | 6.72 | 2.88 | 0.44 | 96.5 | 1.29 | 1% Zn |
| Lemarchant[5] | Indicated | 1,240,000 | 5.4 | 1.2 | 0.6 | 59.2 | 1.0 | 7.5% zinc equiv. |
| | Inferred | 1,340,000 | 3.7 | 0.9 | 0.4 | 50.4 | 1.0 | 7.5% zinc equiv. |

[1] *Mineral Resource Estimate Technical Report on the Lundberg Deposit, Buchans Area, Newfoundland, Canada. Effective February 22, 2013; prepared by Mercator Geological Services for Buchans Minerals Corporation, filed on SEDAR.*
[2] *Mineral Resource Estimate Technical Report on the Daniels Pond Deposit, Newfoundland, Canada. Effective March 11, 2008; prepared by Mercator Geological Services for Royal Roads Corp., filed on SEDAR.*
[3] *Mineral Resource Estimate Technical Report on the Bobbys Pond Cu-Zn Deposit, Newfoundland and Labrador, Canada. July 31, 2008; prepared by Scott Wilson Roscoe Postle Associates Inc. for Mountain Lake Resources Inc., filed on SEDAR.*
[4] *Mineral Resource Estimate Technical Report on the Tulks South Property, Central Newfoundland, Canada. August, 2007; prepared by Snowden for Messina Minerals Inc., filed on SEDAR.*
*Mineral Resource Estimate Technical Report on the Lemarchant Deposit, South Tally Pond VMS Project, Central Newfoundland, Canada. March 2, 2012; prepared by Gary Giroux, P.Eng. for Paragon Minerals Corporation, filed on SEDAR.*

Minco's Lundberg deposit is a large, near-surface open-pitable resource located on the north side of Red Indian Lake near the town of Buchans in central Newfoundland, which because of its large size holds more contained zinc, copper and lead metal than the other four smaller satellite deposits combined. The Lundberg deposit currently hosts Indicated resources of 23.4 million tonnes grading 1.41% Zn, 0.60% Pb, 0.35% Cu, 5.31 g/t Ag and 0.07 g/t Au, plus Inferred resources of 4.3 million tonnes averaging 1.29% Zn, 0.54% Pb, 0.27% Cu, 4.47 g/t Ag and 0.08 g/t Au (see Minco press release dated March 4, 2013). The deposit was initially assessed by a positive Preliminary Economic Assessment (PEA) in 2011 (see Buchans Minerals press release dated August 12, 2011), and has since been the subject of further work including resource drilling, environmental assessment and metallurgical test work.

(Expressed in US Dollars)

The results indicated that Minco's Lundberg deposit would enhance the viability of a central milling facility and the future development of this region's mineral resources. The potential benefits include:

- Increase Project Life - The additional tonnage contribution from the Lundberg deposit to a central milling facility would add considerably to the life of the project.

- Reliable Mill Feed - Open pit production from the Lundberg deposit would provide a very predictable and reliable source of mill feed that will limit potential issues related to maintaining underground mining rate from the other satellite deposits.

The proximity of the Lundberg deposit to the town of Buchans provides for ready access to existing infrastructure (i.e. roads, electricity, labour), as well as existing tailings facilities that could potentially be expanded, but would result in longer haulage distances from most of the satellite deposits.

The total cost of the research project was estimated at approximately $860,000 with $620,000 funded through the Research & Development Corporation of Newfoundland and Labrador ("RDC") GeoEXPLORE Industry-led R & D Technology Development and Demonstration Program and Buchans Minerals and Canadian Zinc providing $130,000 and $110,000 respectively.

**Highlights of the DMS and Metallurgical Testing**

The metallurgical test program completed by Thibault & Associates Inc. of Fredericton, New Brunswick was based on an assessment of pre-concentrating the ore prior to flotation using Dense Media Separation ("DMS") technology and the development of a process relative to the metallurgical characteristics of five deposits under development. The results of the bench scale test program have indicated an improved grade and recovery relationship for the production of Cu-Pb-Zn concentrates using a sequential flotation flowsheet. Highlights of the testing program are provided below.

- **Dense Media Separation** - The bench scale DMS test program was completed to assess the amenability of mineralized samples from the deposits to physical upgrading (pre-concentration) at each site. Use of DMS processing technology would provide a potential means of reducing transportation costs from mine site to the milling facility and to maximize head grade and reduce downstream processing costs.

  Results from pre-concentration of the samples by DMS (prior to flotation) was determined to be technically viable for semi-massive and stringer sulphide samples from the Lemarchant FW, Bobbys Pond and Lundberg deposits. Results from the testing are provided below.

| Sample | Overall Metal Recovery to Sinks + Fines at 70% Mass Recovery | | | | |
|---|---|---|---|---|---|
| | Cu (%) | Pb (%) | Zn (%) | Au (%) | Ag (%) |
| Lemarchant (Footwall) | 94.6 | 97.7 | 95.4 | 97.4 | 96.4 |
| Bobbys Pond SMS Comp | 98.3 | 98.6 | 99.1 | 95.6 | 95.6 |
| Lundberg Y1-3 | 98.3 | 96.6 | 96.5 | 89.6 | 95.3 |
| Lundberg Y4-8 | 94.7 | 94.2 | 93.9 | 84.8 | 90.1 |
| **Sample** | **Overall Upgrade Ratio (Sinks + Fines Relative to Feed)** | | | | |
| | **Cu** | **Pb** | **Zn** | **Au** | **Ag** |
| Lemarchant (Footwall) | 1.35 | 1.4 | 1.36 | 1.39 | 1.38 |
| Bobbys Pond SMS Comp | 1.40 | 1.41 | 1.42 | 1.37 | 1.37 |
| Lundberg Y1-3 | 1.40 | 1.38 | 1.38 | 1.28 | 1.36 |
| Lundberg Y4-8 | 1.35 | 1.35 | 1.34 | 1.21 | 1.29 |

- **Common Flotation Flowsheet** - Initial bench scale flotation tests were designed to compare two flowsheet options: 1) a bulk Cu/Pb-Zn flotation flowsheet and 2) a sequential Cu-Pb-Zn flotation flowsheet using various reagent schemes and alternative grind specifications. Results from the initial flotation testing indicate the sequential Cu-Pb-Zn flowsheet provided the best overall performance for the original four deposits tested. Subsequent testing of the Lundberg Deposit samples indicates it is also amenable to the sequential Cu-Pb-Zn flotation flowsheet with improved concentrate grade and metal recoveries over previous metallurgical testing completed for the 2011 Lundberg Preliminary Economic Assessment.

(Expressed in US Dollars)

- **Flotation Testing** - the bench scale metallurgical test work was aimed at assessing the amenability of the mineralized samples from the five deposits to a common flotation flowsheet. The test work serves as a first stage evaluation of developing a process flowsheet and the ability to process the various base metal deposits of central Newfoundland.

  Results from the bench scale batch flotation tests confirmed the production of selective zinc, lead and copper concentrates at marketable grades relative to smelter schedules. Based on the bench scale batch flotation tests (as an open circuit without recycle) and process simulation of the sequential flowsheet mass balance relative to the test program, the grade and recovery of concentrates for each deposit have been defined by the following Table and are not representative of lock cycle or pilot testing of the proposed flowsheet.

| **Deposit** | **Cu Concentrate** (Grade/Recovery) (wt %) | **Pb Concentrate** (Grade /Recovery) (wt %) | **Zn Concentrate** (Grade /Recovery) (wt %) |
|---|---|---|---|
| **Boomerang** | 25.7% / 63.4% | 55.4% / 71.2% | 49.8% / 91.7% |
| **Lemarchant MS** | 33.7% / 78.1% | 69.4% / 82.4% | 60.8% / 90.7% |
| **Lemarchant FW** | 31.0% / 90.1% | No concentrate | 59.8% / 96.9% |
| **Bobbys Pond** | 30.9% / 83.8% | 76.5% / 69.3% [1] | 64.8% / 93.1% |
| **Daniels Pond** | 18.1% / 54.6% | 74.0% / 76.8% [1] | 61.0% / 90.1% |
| **Lundberg Y1-3** | 30.1% / 86.2% | 72.1% / 83.1% | 61.1% / 78.7% |

*Note: Lead grade defined by the test program with added cleaning of the lead concentrate to reduce zinc and iron.*

The positive results of the research project provide valuable direction to guide future exploration on Minco's central Newfoundland volcanogenic massive sulphide ("VMS") Zn-Pb-Cu-Ag-Au base metal deposits and the conceptual economic modelling provided key information on which to focus future economic studies and development plans for advancing the development of the Lundberg and satellite deposits using a central milling facility.

From the important metallurgical standpoint, demonstrating that these five different deposits can be processed on a common flotation flowsheet is a key step forward in evaluating the viability of centralized milling as a development opportunity for these projects. The initial economic simulations utilizing this new metallurgical data provides valuable information and direction on which to guide our future exploration and development plans for our Newfoundland deposits.

The outcome of this assessment was successful in identifying a number of scenarios that warrant further investigation. Given these encouraging results, Minco will now engage Canadian Zinc to identify a mutually beneficial path towards furthering the development of this combined project.

It is recommended that further review of the satellite deposits should be undertaken to examine the potential to increase minable resource size, run of mine ore grades and mine production rates, and to evaluate cost-effective alternative mining methods, so that the satellite deposits could generate sufficient revenue to support the costs in developing and producing from these smaller, higher grade deposits.

**BUCHANS BASE METAL EXPLORATION**

During 2016, Minco focussed its exploration efforts near the former Lucky Strike mine to explore for high-grade resources that may positively impact open pit and underground development of the Company's Lundberg deposit. At Lucky Strike, Asarco, the previous operator, mined 5.6 million tonnes averaging 18.4% Zn, 8.6% Pb, 1.6% Cu, 112 g/t Ag & 1.7 g/t Au. The Lucky Strike deposit was the largest orebody mined at Buchans, where Asarco mined a total of 16.2 million tonnes of ore averaging 14.51% Zn, 1.33% Cu, 7.56% Pb, 126 g/t Ag & 1.37 g/t Au from 5 deposits before mining ceased in 1984 (1987, Geological Survey of Canada Paper 86-24). The Lucky Strike mine exploited high-grade massive sulphides located above a much larger, lower grade, stockwork mineralised zone that today comprises the Company's undeveloped Lundberg deposit.

In 2015, Minco initiated a program of relogging of historic archived drill cores to assess potential for discovery of additional high-grade resources near the Lundberg deposit. This program is ongoing and to date has relogged 319 surface and underground drill holes totaling 51,137 m of archived drill core previously drilled within 2 kilometres of the former Lucky Strike mine, and a further 49,100 m in 141 holes from other prospects located less than 4 kilometres from the Lundberg deposit. Several target areas have been identified and are under review.

Among the targets identified is an area **North of Lundberg**, where the Lucky Strike deposit's host horizon remains underexplored down dip, and further drilling is warranted to explore for additional high-grade sulphide deposits. Highlights from this area include mineralized intercepts that remain poorly tested down dip, including, but not limited to an intercept of baritic semi-massive sulphides assaying 0.4% Cu, 4.3% Pb, 8.0% Zn, 58.3 g/t Ag, 1.37 g/t Au over 1.22 m in historic underground drill hole H-807, drilled in 1948.

Another target area is located east of the **former Oriental mine**, where Asarco mined high-grade massive and breccia ores totaling 3.3 million tonnes averaging 1.47% Cu, 7.90% Pb, 14.18% Zn 154.0 g/t silver, and 1.96 g/t gold (1981, Geological Association of Canada Special Paper 22). In this area, relogging initiated in 2016 suggests mineralized rocks persist beyond the eastern limits of previous mining as evidenced by multiple, shallow (<50 m depth) intersections of moderate grade mineralization in historic surface drill holes that returned assays ranging between 4.3% and 5.9% combined base metals (Cu+Pb+Zn) over widths ranging between 2.3 m and 15.9 m (approximate true widths). Mineralized intercepts occur within an area measuring approximately 200 m by 100 m and remains open to the east where it is poorly tested by historic drilling.

Identified in 2016, the **West Orebody deposit** is another target warranting future testing by diamond drilling. The deposit represents a satellite orebody to the former Lucky Strike mine and was discovered down dip of Lucky Strike at 300 metres depth in 1940. The deposit consists of a cluster of small but high-grade massive sulphide lenses mined during the mid-1940's as an extension of the Lucky Strike mine and is believed to have produced less than 100,000 tonnes of high-grade ore. Previous exploration at this deposit was largely limited to minimal underground drilling and a few widely-spaced surface holes. Minco now believes the West Orebody mineralization may be associated with a controlling structure or mineralized trend that was active during formation of the Lucky Strike and West Orebody deposits. Minco further believes that the higher copper content of this deposit's mineralization may enhance the viability of borehole geophysical techniques to explore for additional mineralization in this area.

Other targets under investigation include undeveloped sulphide prospects at **Sandfill**, located 2 km to the northeast of Lundberg, and **Clementine**, located 3.5 km west of Lundberg. These prospects are composed of transported sulphide debris breccia deposits deposited short distances away from their in situ source massive sulphide deposits. Relogging now suggests favourable mineralized trends may extend beyond these prospects warranting further review and additional exploration by diamond drilling at depths of 300 to 500 metres. As these prospects are significantly less explored as they are not located at sites of previous mine development, they offer significant potential for discovery of new larger deposits that could potentially be developed as high grade, standalone, underground mines.

Each of the aforementioned target areas continue to be assessed and will be considered for possible drill testing in 2017.

## OTHER EXPLORATION – LAKE DOUGLAS GOLD, NEWFOUNDLAND

In October of 2016, Minco, through its wholly-owned subsidiary, Buchans Minerals Corporation, competitively staked 2,075 hectares in central Newfoundland, known as the Lake Douglas project, including prospective rocks extending between two recently discovered prospects announced by Altius Minerals Corporation (ALS.TO) within its 21,500 ha Wilding Lake gold project. Altius have since optioned its property to Antler Gold Inc. (ANTL:TSX-V) a new Toronto-listed company, which has initiated additional surveys to further explore several newly discovered gold occurrences in bedrock, including channel samples yielding uncut gold values ranging up to 13.9 g/t gold over 4.0 m, plus additional gold prospects in bedrock extending over a 20 kilometre trend.

Minco's property covers a 3.5 km segment of the prospective trend that is located northeast, along strike of Marathon Gold Corporation's (MOZ.TO) Valentine Lake project, where Marathon has announced a Measured and Indicated mineral resource estimate of 21.8 million tonnes at an averaged grade of 1.84 grams of gold per tonne containing 1,292,800 ounces of gold and an Inferred mineral resource of 8.8 million tonnes at an averaged grade of 1.98 grams of gold per tonne containing 562,600 ounces of gold (Marathon press release dated February 21, 2017) as a potential open pit resource development. Marathon continues to aggressively explore its neighboring project and have initiated a 30,000 metre drilling for 2017.

The Lake Douglas property is located 40 km southwest of Minco's Buchans project and 20 km southwest of Minco's Daniels Pond and Bobbys Pond deposits. Since acquiring the property, Minco conducted limited initial reconnaissance work on the claims prior to the onset of winter weather.

**WOODSTOCK MANGANESE PROJECT**

The electrolytic manganese metal (EMM) market is still struggling with the problem of excess production capacity in China that continues to place downward pressure on the EMM price. Although the number of EMM plants in China has dropped significantly from approximately 200 plants in 2011 to the current estimate of 30 plants, their combined production capacity of approximately 1.5 million tonnes per year still exceeds the market consumption of approximately 1.0 million tonnes per year. This ongoing problem of over capacity has continued to apply downward pressure on the EMM price such that it currently trades at approximately US$0.71 / lb EMM, a price that is lower than the current estimated average EMM plant operating cost of US$ 0.75 / lb EMM. Given the excessive over capacity within the EMM industry, the future development of the Woodstock manganese project will be delayed until such time as these poor market conditions improve.

**LEAD-ZINC EXPLORATION, MOATE, COUNTY WESTMEATH, IRELAND**

In November 2015 Minco was granted three new Prospecting Licences PLs 1228, 1229 and 3981, at Moate in County Westmeath, centered on a specific geological target identified by Minco, with potential for zinc-lead mineralization of Tynagh Mine type.

Minco's Moate licences are located along the northwestern margin of the Irish Midland Orefield on the "Tynagh-Ballinalack Trend". All but one of the major Irish zinc-lead deposits of the Irish Midland Orefield lie along the margins of the Orefield. The Moate target lies mid-way between the former Tynagh Mine, located 50 kilometres to the southwest, and the similar styled Ballinalack deposit, situated 35 kilometres to the northeast. The Tynagh Mine operated successfully from 1965 to 1981 producing 9,000,000 tonnes of ore, from both open pit and underground, at average grades of approximately 7% lead, 5.5% zinc, 0.5% copper and 2.6 ounces of silver per tonne.

Minco's studies of previous drilling have outlined a geological setting that Minco believes mirrors that at the former Tynagh Mine, where zinc-lead mineralization was hosted by breccias developed at the margin between the reef and off-reef limestone facies. The geology at Moate is also comparable to that at the smaller Ballinalack deposit. A ten kilometre long target has been outlined at a depth of 150 metres below surface, with potential for reef hosted zinc-lead mineralisation of Tynagh-type.

Minco's 2016-2017 drill programme at Moate consisted of 13 holes completed between September, 2016 and January 2017 for a total of 1299m. Drilling was concentrated in two areas centred on the townlands of Knockanea-Fardrum (Pl 1229) and Tully (Pl 1228). 942m were drilled on Pl 1229 and 357m on Pl 1228. Minco's drilling programme initially focused within PL 1229 on the southwestern three kilometers of the target area, adjacent the ENE striking Moyvoughly Fault where five holes (1229-35 to 1229-39) were drilled for a total of 700 metres. Reef-derived breccias comparable to those at Tynagh were intersected confirming the geological model, and in Holes 1229-38, 39 and 40 the breccias contain widespread trace amounts of disseminated sphalerite. The 2016-2017 drill programme at Moate has confirmed the geological model and enhanced exploration potential.

The geological structure has proven more complicated than expected as the Moyvoughly Fault was not intersected in the drilling programme. The Fault is believed to have been straddled by the drilling and to have a reversed throw of approximately 150m. To the NE, on PL 1228, previous drilling indicates the Fault is present with a down-throw of approximately 180m to the north, while on PL 3581, further north, the fault was intersected by previous drilling with a throw of 300m.

Drilling in the Tully area has defined a major west northwest striking cross fault off-setting the Moyvoughly Fault and the proposed Tynagh-Ballinalack basement structure. There is evidence that the cross fault is also a regional structure, localised by basement structure. The strike of the cross fault swings from west northwest to east-west over a strike length of 1.5 kilometres where it offsets the Tynagh-Ballinalck trend, possibly reflecting movements along the basement structures during the Variscan. The structural pattern is comparable to the setting of the Silvermines where the zinc-lead-barite deposits are localised north of an east-west striking flexure of a regional east northeast fault. 17-1228-45 sited north of the cross fault intersected reef derived breccias comparable to those in 16-1229-38, 16-1229-39 and 16 1229-40 in the Knockanea area.

The primary target horizon remains reef derived breccia systems developed along the reef margin. Although not demonstrated by current drilling, there remains potential in the target area for the development of Ballinalack-type reef knolls associated with the reef margin, possibly associated with the cross fault.

A second phase of drilling (13 holes for a total of 2600m) has been recommended to explore these targets in 2017.

## ZINC EXPLORATION – NAVAN, COUNTY MEATH, IRELAND – JOINT VENTURE WITH TARA BOLIDEN

Minco, through its wholly owned subsidiary Westland Exploration Ltd, holds a 20% interest in Prospecting Licence 1440R (Tatestown), which is being explored under a Joint Venture agreement with Boliden Tara Mines Limited (80%), and which hosts part of the Tatestown–Scallanstown zinc lead mineral deposit.

The Tatestown–Scallanstown deposit, with a resource of 2.4 million tonnes averaging 7.31% zinc plus lead, is located 1.5 kilometres to the northwest of Boliden's large Tara zinc lead mine at Navan and straddles the Blackwater River, which forms the licence boundary between prospecting Licences 1440R and PL 1496 (100% Tara).

During 2016, Tara Boliden, Operator of the JV, completed an infill drilling programme of four drill holes between and peripheral to existing resource blocks on Pl 1440R. Potentially economic grades and widths were intersected in all four of these holes. The drilling confirms the continuity of the resource and the widespread nature of mineralisation in this area. A continuation of the infill-step out drilling is proposed by Boliden Tara for 2017 with an additional four or six holes planned.

The Tatestown-Scallanstown deposit is centered on the east-west Tatestown Fault and lies within a well-defined, two-kilometre wide, north-south trending, zone of mineralisation, which is a peripheral extension of the large Navan mineralised system. Traced by drilling, this extends north-south for four kilometres, terminated to the south by the Randalstown Fault, which separates it from the main body of the Navan mineralisation, and to the north by the Boolies Fault, a major reverse fault with a throw of around 400m identified by recent seismic surveying.

On PL 1440R, the northern two kilometres of the north-south trending zone remains essentially unexplored, with just four, widely spaced intercepts comparable to those peripheral to the known deposit. A second east-west fault, parallel to the Tatestown Fault, is indicated by drilling cutting this area suggesting potential for higher grades and widths similar to those adjacent to the Tatestown Fault.

At the adjacent Tara Mine, which is one of the larger zinc mines in the world, successful exploration by Boliden has recently identified new mineralisation, Tara Deep, and Boliden has decided to launch a programme to extend the life-of-mine. Boliden reported in 2017 that the new Tara Deep deposit has inferred mineral resources totalling 10 Million tonnes with a zinc grade of 8.5% and a lead grade of 1.8%. The mineralisation resembles Tara's main ore body, but has a more complicated structure and is at a greater depth of between 1,200 and 1,900 metres.

### MINERAL EXPLORATION AT NORTHERN PENNINES, ENGLAND

Minco plans to resume exploration in the Northern Pennines where it is negotiating extensions or amendments to certain of the exploration licences and option agreements and expects to conclude acceptable option agreements in due course.

Minco's 2012-2015 drill programme in the Nenthead area, the most productive and zinc rich within the Northern Pennine Orefield, has established a significant stratiform component to the mineralisation within the Great Limestone which had not been previously recognised. Intersections within the Great Limestone has demonstrated the potential for significant stratiform mineralisation adjacent to historic workings. Six drill holes at Blackhill intersected significant zinc-lead mineralisation and outlined a 200 metre long lens of stratiform replacement on the Scaleburn Vein (fault) with a weighted average width and grade of 9.6 metres, 5.2 percent zinc, 3.6 percent lead and 14.3 g/t silver.

An initial two holes on the Whitewood-Barneycraig-Williams vein/fault returned identical mineralisation including 4.35 metres averaging 6.94 percent zinc and 2.73 percent lead and 0.30 metres averaging 20.90 percent zinc and 0.27 percent lead.

In total fifteen kilometres of mineralised structures have been outlined by previous mining with at least five kilometres of this considered to have comparable potential for stratiform mineralisation. Minco believes that, in the areas drilled, previous lead mining only extracted approximately 20% of the total mineralisation believed to be present.

Stratiform barite-lead mineralisation has been previously mined from the basal Carboniferous succession up to 350 metres below the Great Limestone along the southern periphery of the orefield. This succession is dominated by massive limestones and sandstones and, in this respect, is comparable to the Navan Beds hosting the Navan deposit. This succession remains largely unexplored in the Nenthead area.

## METAL PRICES

Metal prices impact Minco's ability to finance the exploration and development of the Company's various lead-zinc projects.

In 2016 base metal prices posted strong gains, driven by resilience in the global economy, investment speculation, supply disruptions and inventory depletion. The broad trend of improving commodity prices is prevailing and to date in 2017 both base metals and precious metals are continuing on an upward trend.

### Zinc

Zinc was one of the strongest performing metals throughout 2016 and into 2017, rising from the US$0.70 per pound level at the end of 2015 to a high of US$1.30 per pound in the first part of 2017.

The price increase has been bolstered by output cuts by major producers. In addition to the closures of Lisheen and Century mines in 2016, Glencore announced additional production cuts of 500,000 tonnes of zinc concentrate in the third quarter of 2016.

Initial data compiled by the International Lead and Zinc Study Group ("ILZSG") for the year 2016 show that global market for refined zinc metal recorded a deficit of 286,000 tonnes. Inventories held in LME, Shanghai Futures Exchange and Chinese State Reserve Bureau (SRB) warehouses, together with those reported by producers, consumers and merchants decreased by 82,000 tonnes to total 1,384,000 tonnes.

Lower levels of zinc concentrates will have an impact on refined zinc metal production. Industry analysts have suggested that for the first time in many years there will be a deficit in zinc metal by the third quarter of 2017 putting additional upward pressure on zinc prices. Korea Zinc recently announced production cuts for 2017 because of concentrate shortage. Further evidence of lower concentrate supply has been the fall of spot and long-term concentrate treatment charges. According to Wood Mackenzie, zinc spot treatment charges fell from US$200 per tonne in 2015 to US$40 per tonne by the end of 2016, while industry analysts have suggested that benchmark treatment charges for 2017 could drop by 20% or US$50 per tonne.

### Lead

Lead also performed well in 2016, rising from US$0.75 per pound at the end of 2015 to US$0.95 per pound during the third quarter and continuing to stay in the US$0.90 to US$1.12 per pound range into early 2017, despite gradually increasing inventories for most of the year.

Preliminary data compiled by the ILZSG indicates that in 2016, supply exceeded demand by 11,000 tonnes in the global market for refined lead metal. Over the same period inventories reported by the London Metal Exchange (LME), Shanghai Future Exchange (SHFE) and producers and consumers increased by 24,000 tonnes totaling 478,000 tonnes at the year end.

Demand for lead continues to be driven by lead-acid batteries. According to Wood Mackenzie 85 % of global lead demand is used to make batteries, mostly for automobiles, demand for which is growing in countries such as China, Brazil, Argentina and Russia. Higher quantities of lead are required for batteries used in increasingly popular stop-start cars produced by automakers to comply with stringent new emissions legislation. Multiple stops and starts mean more wear and tear, so the batteries used in these cars need to be heavier and stronger and require about 25% more lead. Renewable technologies such as wind and solar power have created a need for suitable storage capacity and large-scale industrial batteries, which use lead, are in increasing demand.

**EXPLORATION AND EVALUATION ASSETS**
**For the year ended December 31, 2016**

| | 31 December 2016 $000's | Foreign Exchange $000's | Additions $000's | December 31 2015 $000's | Foreign Exchange $000's | Additions $000's | December 31 2014 $000's |
|---|---|---|---|---|---|---|---|
| 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 |

**QUALIFIED PERSON**

Benjamin Batson, P. Geo. is Minco's Non-independent Qualified Person for the purposes of National Instrument 43-101, Standards of Disclosure for Mineral Projects and has approved the technical disclosures in this MD&A.

**XTIERRA INC.**

Minco holds approximately 30 million shares in Xtierra Inc. ("Xtierra"), a company listed on the TSX Venture Exchange under the symbol "XAG", representing an approximate 26% interest.

Xtierra holds mineral properties located in the State of Zacatecas in the Central Mineral Belt of Mexico. The Bilbao Project is a polymetallic sulphide and oxide replacement silver-lead-zinc-copper deposit located approximately 500km northwest of Mexico City in the southeastern part of the State of Zacatecas. Xtierra also holds an extraction licence for the silver-rich La Laguna Pedernalillo ("Laguna") tailings deposit located near the city of Zacatecas in Mexico.

In December 2013, the Company agreed to provide working capital financing to Xtierra, and agreed to purchase $250,000 principal amount of 5% working capital notes due September 30, 2014. In April 2014, the Company agreed to provide a further working capital advance to Xtierra of $125,000 which together with the $254,000 working capital Notes, including $4,000 interest, were rolled into new non-convertible 5% secured notes (total $379,000) due April 30, 2015, secured, pari-passu with Pacific Road Group of Funds ("Pacific Road"), (another significant shareholder of Xtierra), by a pledge by Xtierra of its shares of Orca Minerals Limited.

On April 29, 2015, Pacific Road and Minco plc, both agreed to extend the due dates of the non-convertible 5% secured notes in the amount of $965,000 from April 30, 2015 to August 31, 2015, and to provide further advances up to $15,000 each. On August 24, 2015, Pacific Road and Minco both agreed to further extend the due dates of the Notes from August 31, 2015 to January 31, 2016 and to provide further advances of up to $17,500 each to fund Xtierra's property maintenance costs and working capital. Xtierra agreed to a fee of $29,000 to obtain the extension, which amount was added to the principal amount of the Notes. On January 31, 2016, Pacific Road and Minco both agreed to an extension of the maturity dates of the secured notes to April 30, 2016. The purpose of the various extensions of the maturity dates of the secured notes was to provide Xtierra additional time to assess its strategic alternatives.

The Notes matured and became due and payable on April 30, 2016. Pacific Road and Minco have not made demands for payment 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. During 2016, the Company made further advances in the amount of $75,000 as secured notes to fund Xtierra's working capital and maintain its mineral properties.

The Notes are secured, pari-passu with Pacific Road, 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.

## RESULTS OF OPERATIONS

The Company recorded no revenue in the periods ended December 31, 2016 or December 31, 2015.

For the year ended December 31, 2016, the Company recorded a loss of $775,000 compared to a loss of $118,000 for the same period ended December 31, 2015. The loss for the year ended December 31, 2016 included an income tax expense of $87,000, and a foreign exchange gain of $16,000 compared to a foreign exchange gain of $648,000 for the same period ended December 31, 2015.

For the three month period ended December 31, 2016, the Company recorded a gain of $23,000 compared to a gain of $28,000 for the same period ended December 31, 2015. The gain for the three month period ended December 31, 2016 included a foreign exchange gain of $144,000 compared to a gain of $145,000 for the same period ended December 31, 2015.

Administrative expenses, excluding foreign exchange, for the year ended December 31, 2016 amounted to $772,000 compared to $811,000 in the same period in 2015.

During the year ended December 31, 2016 Minco invested $831,000 (2015- $1,056,000) on exploration of its mineral properties, of which the largest amounts were expended on the Buchans zinc lead project in central Newfoundland.

## SELECTED ANNUAL INFORMATION

The following selected annual information has been derived from the annual consolidated financial statements of the Company, which have been prepared in accordance with International Financial Reporting Standards.

| Expressed in US$000's, Except for per share amounts | Year ended Dec. 31, 2016 $ | Year ended Dec. 31, 2015 $ | Year ended Dec. 31, 2014 $ |
|---|---|---|---|
| Loss before taxation and other items | (688) | (104) | (2,646) |
| Net loss for the period | (775) | (118) | (2,667) |
| Net loss per common share | (0.16) | (0.02) | (0.56) |
| Total assets | 15,929 | 16,949 | 19,618 |
| Cash and cash equivalents | 2,351 | 3,974 | 5,901 |
| Shareholders equity | 15,366 | 16,435 | 19,067 |

## SUMMARY OF QUARTERLY RESULTS

| Expressed in US$000's, Except for per share amounts | Dec. 31 2016 $ | Sept. 30 2016 $ | June 30 2016 $ | March 31 2016 $ | Dec. 31 2015 $ | Sept. 30 2015 $ | June 30 2015 $ | March 31 2015 $ |
|---|---|---|---|---|---|---|---|---|
| Net (loss) gain | 23 | (285) | (87) | (426) | 28 | (225) | (403) | 482 |
| Net (loss) gain per share - basic | 0.000 | (0.060) | (0.018) | (0.089) | 0.006 | (0.047) | (0.084) | 0.101 |
| Total assets | 15,929 | 16,812 | 17,130 | 17,514 | 16,949 | 17,003 | 18,342 | 19,408 |
| Working capital | 1,935 | 2,340 | 2,959 | 3,211 | 3,628 | 3,923 | 4,446 | 5,073 |

- The profit for the quarter ended March 31, 2015 included a foreign exchange gain of $665,000.
- The loss for the quarter ended June 30, 2015 included a foreign exchange loss of $115,000.
- The gain for the quarter ended December 31, 2015 included a foreign exchange gain of $145,000
- The loss for the quarter ended March 31, 2016 included a foreign exchange loss of $159,000.
- The loss for the quarter ended June 30, 2016 included a foreign exchange gain of $60,000.
- The loss for the quarter ended September 30, 2016 included a prior year income tax adjustment of $80,000 and a foreign exchange loss of $29,000.
- The gain for the quarter ended December 31, 2016 included a foreign exchange gain of $144,000

**LIQUIDITY AND CAPITAL RESOURCES**

At December 31, 2016, Minco held $2,351,000 (2015- $3,974,000) in cash and cash equivalents and had a working capital surplus of $1,935,000, compared to a working capital surplus of $3,628,000 at December 31, 2015.

At December 31, 2016, Minco held mineral properties with a book value of $12,863,000 (2015- $12,341,000). The balance sheet values for these assets may not represent that which could be obtained if the assets were to be offered for sale.

The primary objective of Minco'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 Minco consists of issued share capital and reserves. Minco manages its capital 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 December 31, 2016. Minco's only capital requirement is its authorized minimum capital as a public limited company.

On March 21, 2017, Minco announced that it is in discussions with Dalradian Resources Inc. (TSX-"DNA") ("Dalradian") regarding the possible disposal of its 2% net smelter return royalty on the Curraghinalt gold deposit in Northern Ireland, which is being explored and developed by Dalradian (the "Royalty Disposal") in return for the issue of a total of 15,490,666 new Dalradian Shares valued at C$20,000,000, 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 March 21, 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.

**RELATED PARTY TRANSACTIONS**

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

Amounts paid and accrued for services other than as directors of the Company, include the following expenditures which were incurred with directors and/or officers of the Company, corporations with directors and/or officers in common with the Company, and corporations controlled by directors and/or officers of the Company.

During the year ended December 31, 2016, the Company made payments or accrued $194,000 (2015 - $248,000) to related parties, as follows:

- Warren MacLeod, President of Buchans Minerals Corp. was paid an amount of Cdn$17,500 per month, or $158,000.
- Danesh Varma, Finance Director and Secretary of the Company was paid an amount of $36,000.

These related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**COMMITMENTS**

The Company's wholly-owned Canadian subsidiary Buchans Resources Limited has entered into a lease for its office premises, which expires on January 31, 2019. The yearly rental payments amount to approximately $160,000, 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.

## CRITICAL ACCOUNTING ESTIMATES

The Company's financial statements are prepared in accordance with IFRS and require management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities, if any, at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Such estimates and assumptions affect the carrying value of assets, impact decisions as to when exploration and development costs should be capitalized or expensed, and affect estimates for asset retirement obligations and reclamation costs. Other significant estimates made by the Company include factors affecting valuation of tax accounts. The Company regularly reviews its estimates and assumptions, however, actual results could differ from these estimates and these differences could be material. The consolidated financial statements

### Adoption of New Accounting Standards

The standards and interpretations within IFRS are subject to change. For further details, please refer to Note 2 of the December 31, 2016 audited consolidated financial statements.

## PRINCIPAL RISKS AND UNCERTAINTIES

The realization of mineral exploration assets is dependent on the development of economic ore reserves and is subject to a number of significant potential risks including:

### Exploration, Development and Operating Risk

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by Minco may be affected by numerous factors that are beyond the control of Minco and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in Minco not receiving an adequate return of investment capital. Many of the properties in which Minco holds an interest are in the exploration stage only and are without a known body of commercial ore. Development of the subject mineral properties would follow only if favourable exploration results are obtained and a positive feasibility study is completed.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that Minco's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of Minco's operations will in part be directly related to the costs and success of its exploration and development programmes, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis and at an acceptable cost.

In addition to the above there can be no assurance that current exploration programmes will result in profitable mining operations. The recoverability of the carrying value of interests in mineral properties and Minco's continued existence 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 of Minco to raise additional financing, if necessary, or alternatively upon Minco's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write-downs of the carrying values.

### No Assurance of Production

Minco has limited experience in placing resource properties into production, and its ability to do so will be dependent upon using the services of appropriately experienced personnel or entering into agreements with other major resource companies that can provide such expertise. There can be no assurance that Minco will have available to it the necessary expertise when and if Minco places its resource properties into production and whether it will produce revenue, operate profitably or provide a return on investment in the future.

**Fluctuating Mineral Prices**

Metal prices are subject to significant fluctuation and are affected by a number of factors which are beyond the control of Minco. The principal factors include: diminished demand which may arise if economic growth in North America, Europe and/or China are not sustained; supply interruptions due to changes in government policies in base and precious metals, war, or international trade embargos; increases in supply resulting from the alleviation of professional and skilled labour shortages experienced by the world's largest producers; and, increases in supply resulting from the discovery and the development of new sources of base and precious metals. The effect of these factors on Minco's operations cannot be predicted.

**Factors beyond Minco's Control**

The exploration and development of mineral properties and the marketability of any minerals contained in such properties will be affected by numerous factors beyond the control of Minco. These factors include government regulation, high levels of volatility in market prices, availability of markets, availability of adequate transportation and refining facilities and the imposition of new or amendments to existing taxes and royalties. The effect of these factors cannot be accurately predicted.

**Failure to Obtain Additional Financing**

While Minco has sufficient financial resources necessary to undertake its currently planned activities, there can be no assurance that Minco will be successful in obtaining any additional required funding necessary to conduct additional exploration or evaluation, if warranted, on Minco's current exploration properties or any properties that may be acquired or to develop mineral resources on such properties, if commercially mineable quantities of such resources are located thereon. Failure to obtain additional financing on a timely basis could cause Minco to forfeit its interest in such properties. If additional financing is raised through the issuance of equity or convertible debt securities of Minco, the interests of shareholders in the net assets of Minco may be diluted.

**Environmental Risks and Hazards**

Minco's operations may be subject to environmental regulations in the various jurisdictions in which it operates. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. Minco intends to comply fully with all applicable environmental regulations.

**Competition**

The mining industry is intensely competitive in all its phases, and Minco competes with other mining companies in connection with the acquisition of properties producing or capable of producing, precious and base metals. Many of these companies have greater financial resources, operational experience and technical facilities than Minco. Competition could adversely affect Minco's ability to acquire suitable properties or prospects in the future. Consequently, Minco's operations and financial condition could be materially adversely affected.

**Management**

The success of Minco is currently largely dependent on the performance of its directors and officers. There is no assurance Minco can maintain the services of its directors and officers or other qualified personnel required to operate its business. The loss of the services of these persons could have a material adverse effect on Minco and its prospects. Some of the directors and officers also serve as directors and/or officers of other companies which are engaged and will continue to be engaged in the search for additional business opportunities on behalf of other companies, and situations may arise where these directors and officers will be in direct competition with Minco. Conflicts, if any, will be dealt with in accordance with the relevant provisions of applicable corporate and securities laws.

Recruiting and retaining qualified personnel is critical to Minco's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As Minco's business activity grows, additional key financial, administrative and mining personnel as well as additional operations staff will be required. Although Minco believes it will be successful in attracting, training and retaining qualified personnel, there can be no assurance of such success. If Minco is not successful in attracting, training and retaining qualified personnel, the efficiency of operations could be affected.

## FINANCIAL RISK MANAGEMENT

### Interest rate risk

Minco finances its operations through the issue of equity shares, and has no fixed interest rate agreements. Minco had $2,351,000 in cash and cash equivalents at December 31, 2016. A one percent change in interest rates will result in a corresponding change in interest income of approximately $23,510 based on cash equivalent balances existing at December 31, 2016.

### Liquidity risk

Minco'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.

### Credit risk

With respect to credit risk arising from financial assets of Minco, which comprise of cash and cash equivalents, cash deposits give risk 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 December 31, 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 have a credit rating of at least BBB-.

### Foreign currency risk

Minco has exposure to currency exchange fluctuations and restrictions as Minco's currencies are spread over US Dollars (US$), Sterling Pounds (£), Canadian Dollars (Cdn$) and Euro (€). Minco seeks to minimize its exposure to currency risk by closely monitoring exchange rates. Minco does not presently utilize swaps or forward contracts to manage its currency exposures, although such facilities may be used where appropriate in the future.

Further details of Minco's financial risk management policies are set out in Note 22 of the December 31, 2016 audited financial statements.

## OFF-BALANCE SHEET ARRANGEMENTS

There are no off-balance sheet arrangements.

## FINANCIAL INSTRUMENTS

The Company has cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by major banks. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. In the year ended December 31, 2016, the Company earned $68,000 in interest income.

The Company has designated its cash and cash equivalents as held-for-trading, which are measured at fair value. Fair value estimates of financial assets and liabilities are made at the balance sheet date, based on relevant market information and information about the financial instrument. These estimates involve uncertainties and are subjective in nature. Other financial instruments included in current assets are classified as loans and receivables, which are measured at amortized costs. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost. As at December 31, 2016, the carrying and fair value amounts of the Company's financial instruments were the same.

## OUTSTANDING SHARE CAPITAL

The authorized share capital of Minco consists of 700,000,000 Ordinary shares with a nominal value of €0.0125 each, and 38,000,000 Deferred shares with a nominal value of €0.0625 each. At December 31, 2016 and April 10, 2017, Minco had 478,142,184 Ordinary shares and 38,000,000 Deferred shares issued and outstanding.

At December 31, 2016, and April 10, 2017, Minco had 7,220,280 stock options issued and outstanding.

At December 31, 2016, and April 10, 2017, Minco had 33,040 share purchase warrants outstanding.

## ADDITIONAL INFORMATION

Additional information about the Company is available on the Company's website at www.mincoplc.com.

## FORWARD-LOOKING STATEMENTS

*This management's discussion and analysis contains certain forward-looking statements relating to, but not limited to, the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend", "estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, delays in the development of projects changes in exchange rates, fluctuations in commodity prices, inflation and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results. Shareholders and prospective investors should be aware that these statements are subject to known and unknown risks uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.*

Date: April 10, 2017