

MINCO CAPITAL CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2022

This Management’s Discussion and Analysis (“MD&A”) of Minco Capital Corp. (“we”, “our”, “us”, “Minco Capital” or the “Company”) has been prepared by management on the basis of available information up to May 18, 2022, and should be read in conjunction with the condensed interim financial statement and related notes thereto prepared by management for the three months ended March 31, 2022. The Company’s condensed interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting of International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board. Certain information and notes usually provided in the annual financial statements have been omitted or condensed. Therefore, this MD&A should be read in conjunction with the audited financial statements and related notes thereto for the year ended December 31, 2021.

Except as noted, all financial amounts are expressed in Canadian dollars. All references to “\$” and “dollars” are to Canadian dollars and all references to “US\$” are United States dollars. Some dollar amounts are rounded to thousands (‘000) for discussion purposes.

Additional information of the Company is available under the Company’s profile on SEDAR at www.sedar.com. The Company’s audit committee reviews the condensed interim financial statements and the MD&A, and recommends approval to the Company’s board of directors.

Minco Capital was incorporated in 1982 under the laws of British Columbia, Canada. The Company changed its name from Minco Gold Corporation to Minco Capital Corp. on February 25, 2019. Our corporate office is in Vancouver, British Columbia. The Company’s common shares are traded on the TSX Venture Exchange (“TSX-V”) under the symbol “MMM” and on the OTCQB Market tier in the USA (“OTCQB”) under the symbol “MGHCF”.

As at the date of this MD&A, the Company had 46,368,881 common shares and 4,840,000 stock options outstanding.

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1. Highlights for the Period

During the three months ended March 31, 2022, the Company:

- a) recognized a gain of \$167,382 from disposition of common shares of public companies, and earned \$18,060 of dividend and interest income.
- b) renewed the NCIB for a term of one year ending March 31, 2023. Under the renewed NCIB program, the Company may repurchase for cancellation up to 2,300,000 or 5% of the Company's issued and outstanding common shares.
- c) acquired and cancelled 403,000 common shares of the Company for a total payment of \$30,792 under the NCIB program.

1.1. Subsequent event

Subsequent to the three months ended March 31, 2022, the Company acquired 433,000 common shares of the Company for a total payment of \$32,735 under the NCIB program.

1.2. Net asset value

As at March 31, 2022, the Company's net asset value was \$0.21 per share (December 31, 2021 - \$0.21 per share) while the Company's common shares traded at \$0.08 per share (December 31, 2021 - \$0.07 per share). The Company believes that the market price of its common shares may not reflect their underlying value. Pursuant to the NCIB program, the Company has been repurchasing and cancelling its common shares and believes it is an appropriate use of the Company's funds to benefit all remaining shareholders by increasing their equity interest in the Company.

2. Investments at Fair Value

The fair values of financial instruments with quoted bid and ask prices are based on the price within the bid-ask spread that are most representative of fair value and may include closing prices in exchange markets. The Company considers the closing share price of investments issued by public entities at each reporting date as the fair value. Also, the Company applies the Black Scholes option pricing model to value public companies' share purchase warrants at the reporting date.

The Company has the following investments as at March 31, 2022:

	Number of Shares/Units Held	Fair value
Equities of public resource companies:	#	\$
Top ten resource companies by fair value		
-Minco Silver Corp. ⁽ⁱ⁾	11,000,000	3,190,000
-Asante Gold Corp.	333,334	630,126
-Amerigo Resources	278,900	513,176
-Amarillo Gold Corp.	715,000	307,450
-Solaris Resources Inc.	16,230	199,304
-Sherritt International Corp.	250,000	182,500
-Rare Element Resources	120,000	175,444
-Global Lithium EFT	1,750	168,449
-NEO Performance Metals	11,000	167,420
-Cobalt Blue Holding	200,000	159,674
Others	various	2,284,470
Equities of a private company (EL Olivar) ⁽ⁱⁱ⁾	400,000	-
Debentures:		
-Convertible debenture: IBC Advanced Alloys 8.25%	100,000	89,062
Trust units		
-Sprott physical platinum palladium	6,050	122,322
Equity, total		8,189,397
Share warrants, various		631,000
Total		8,820,397

The Company has the following investments as at the three months ended March 31, 2022:

(i) As at March 31, 2022, the Company held 11,000,000 common shares of Minco Silver Corporation (“Minco Silver”), which was approximately 18% of Minco Silver number of outstanding shares (December 31, 2021 - 11,000,000 common shares or approximately 18% ownership). As at March 31, 2022, the market price closed at \$0.29 per share (December 31, 2021 - \$0.33 per share).

(ii) On December 22, 2016, the Company acquired 5.90% or 400,000 units (“Unit”) of El Olivar Imperial SAC (“El Olivar”), a privately held Peruvian corporation, at US\$1.00 per Unit through a private placement. Each Unit consists of one Class A voting preferred share and 1.5 Class A share purchase warrant (the “El Warrant”), with each full warrant entitling the holder to purchase one additional Class A voting share at a price of US\$1.00. Such warrants expired in 2019.

As part of the consideration for the investment in El Olivar, the Company was entitled to receive an annual cash dividend in U.S. dollars equal to 6% of the total invested amount, calculated from the closing date of investment and payable starting on June 22, 2018. However, due to delays in project construction, no dividends have been paid. The Company has not accrued the dividend receivable given that El Olivar has not started its operations and the timing and structure of the initial dividend payment is uncertain.

In accordance with Level 3 of the fair value hierarchy, the Company impaired its investment of \$499,840 (US\$400,000) in El Olivar in 2009. During the three months ended March 31, 2022, there was no change in management’s assessment and this investment remains impaired.

One director of the Company is also a director, an officer, and a significant shareholder of El Olivar.

The continuity schedule of the Company’s investments during the three months ended March 31, 2022 is as follows:

	December 31, 2021	Additions	Proceeds from dispositions	Realized Gains	Unrealized losses	March 31, 2022
Investment in public entities:	\$	\$	\$	\$	\$	\$
- Shares and partnership units	8,406,971	103,357	(558,240)	167,382	(141,457)	7,978,013
- Share purchase warrants	436,000	9,300	-	-	185,700	631,000
Investment in trust units:	104,621	-	-	-	17,701	122,322
Convertible debenture:						
- IBC Advanced Alloys Corp.	95,000	-	-	-	(5,938)	89,062
Total	9,042,592	112,657	(558,240)	167,382	56,006	8,820,397

3. Results of Operations

3.1 Operating result comparison for the three months ended March 31, 2022 and 2021

	2022	2021	Change
	\$	\$	\$
Dividend and interest income	18,060	3,407	14,653
Realized gain from investments	167,382	23,465	143,917
Unrealized gain (loss) from investments	56,006	(673,759)	729,765
	241,448	(646,887)	888,335
Operating expenses	(98,537)	(121,821)	23,284
Foreign exchange loss	(3,322)	(8,728)	5,406
Net income (loss)	139,589	(777,436)	917,025

The amount of gain and loss of the investments depends on the performance of the entities that the Company invests in and will fluctuate from time to time depending on many factors, including but not limited to the overall economy, foreign exchange rate, metal prices, which are not controlled by the Company.

In Q1 2022, the market value of the Company's investment portfolio increased by \$56,006. The change in share price of Minco Silver has a greater impact on the Company's performance than the balance of the portfolio. The market value of the Company's investment in shares and warrants of Asante Gold Corp. increased by \$441,000 while the market value of Minco Silver shares decreased by \$440,000.

In Q1 2021, \$674,000 of the unrealized loss from investments was mainly due to the market value of Minco Silver shares decreasing by \$605,000 and Hudson Resources shares decreasing by \$145,000 compared to their market values as at December 31, 2020, offset by \$76,000 of the net unrealized gain from other investments.

The movement in connection with the operating expenses and foreign exchange loss is discussed in section 3.1.1 and 3.1.2, respectively.

3.1.1 Operating Expenses for the three months ended March 31, 2022 and 2021

The Company's operating expenses for the three months ended March 31, 2022 and 2021 are as follows:

	2022	2021	Change
ref	\$	\$	\$
Accounting and audit	5,577	4,478	1,099
Amortization	10,421	9,367	1,054
Consulting	20,625	13,125	7,500
Directors' fees	5,000	5,000	-
Interest expense	946	1,508	(562)
Investment evaluation and management	9,095	8,884	211
Legal and regulatory	12,768	8,785	3,983
Office and administration	8,510	8,453	57
Salaries and benefits	24,371	31,308	(6,937)
Share-based compensation	-	30,167	(30,167)
Travel and transportation	1,226	746	480
	98,539	121,821	(23,282)

The operating expenses decreased by \$23,000 during the three months ended March 31, 2022 compared to the prior year's same period mainly due to \$Nil of share-based compensation recorded in Q1 2022 (Q1 2021 - \$30,000). Share-based compensation fluctuates from year to year depending on the timing and fair value of options vested each year.

In December 2021, the Company announced a management change. As a result, consulting fees increased by \$7,500 while the net salary and benefits decreased by \$7,000 in 2022 compared to Q1 2021.

3.1.2 Foreign exchange loss

The Company holds cash and investments denominated in US dollar from time to time. US dollar depreciated against Canadian dollars by 1.5% in Q1 2022 (2021 - 1.3%). As a result, the Company recorded \$3,000 of foreign exchange loss in Q1 2022 (2021 - \$8,000).

4. Summary of Quarterly Results

Period ended	Net income (loss)	Income (loss) per share	
		Basic	Diluted
	\$	\$	\$
03-31-2022	139,589	0.00	0.00
12-31-2021	(16,611)	(0.00)	(0.00)
09-30-2021	(1,345,353)	(0.03)	(0.03)
06-30-2021	515,360	0.01	0.01
03-31-2021	(777,436)	(0.02)	(0.02)
12-31-2020	971,600	0.02	0.02
09-30-2020	(612,283)	(0.01)	(0.01)
06-30-2020	1,462,460	0.03	0.03

Variations in quarterly performance among recent eight quarters were mainly a combined result of the gain (loss) from investments at fair values held by the Company, the amount of share-based compensation recognized in each period, and the foreign exchange gain or loss. The Company's performance is not subject to seasonality.

5. Liquidity and Capital Resources

5.1 Cash Flows

	Three months ended March 31,	
	2022	2021
	\$	\$
Operating activities	350,313	(243,569)
Financing activities	(41,291)	(31,325)

Operating activities

During the three months ended March 31, 2022, the Company generated cash of \$558,000 (2021 – \$175,000) from the disposition of investments and used cash of \$113,000 (2021 - \$330,000) in the purchase of investments. The Company used cash of \$95,000 (2021 – \$89,000) in other operating activities and working capital.

Financing activities

During the three months ended March 31, 2022, the Company used \$31,000 (2021 - \$22,000) in the purchase of the Company's common shares under the NCIB program and \$10,000 (2021 - \$9,000) in the payment of the lease obligation in connection with the Company's shared office.

5.2 Capital Resources and Liquidity Risk

As at March 31, 2022, the Company's working capital was \$9,662,000 compared to \$9,557,000 as at December 31, 2021. The Company's operations were funded by its working capital during the current year. The Company believes there is sufficient working capital available to meet its current operational requirements in the next twelve months.

6. Off -Balance Sheet Arrangements

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

7. Related Party Transactions

The following related party transactions were conducted in the normal course of business:

a) Key management compensation

Key management includes the Company's directors and senior management. The compensation is included in operating expenses. For the three months ended March 31, 2022 and 2021, compensations to the key management are as follows:

	2022	2021
	\$	\$
Senior management remuneration	26,250	24,290
Directors' fees	5,000	5,000
Share-based compensation	-	21,340
Total	31,250	50,630

b) Investments

Refer to Item 2. Investments at Fair Value, above for the Company's relationships and transactions with its investees, El Olivar and Minco Silver.

c) Other transactions with related parties

The Company, Minco Silver and HempNova Lifetech Corporation ("HempNova") have certain directors and management in common. These companies shared certain office rental and administration expenditures.

- As at March 31, 2022, the Company's due to / from related parties consists of:
- \$Nil due from Minco Silver (December 31, 2021 – due to Minco Silver of \$6,420), in relation to shared office expenses reimbursement.
- \$177,646 due from Hempnova (December 31, 2021 - \$218,805), in relation to shared office expenses reimbursement.
- \$Nil due from a company controlled by the Company's CEO (December 31, 2021 –\$1,146), in relation to expenses reimbursement.

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

8. Significant Accounting Policies

The financial information presented in this MD&A has been prepared in accordance with International Financial Reporting Standards. The Company's management has made judgments and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual amounts incurred by the Company may differ from these values.

The Company's significant accounting policies, applied judgements and estimates are set out in the note 3 and note 4 of the audited annual financial statements for the year ended December 31, 2021.

9. Financial Instruments

Following is a summary of the Company's financial assets and liabilities as at March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
	\$	\$
Fair value through profit and loss:		
Investments at fair value	8,820,397	9,042,592
Amortized cost:		
Cash and cash equivalents	697,018	387,996
Short-term investment	20,000	20,000
Receivables	10,496	6,877
Due from related parties	185,435	219,951
Accounts payable and accrued liabilities	44,831	95,896
Due to related parties	-	6,420
Lease obligations	44,418	48,575

Fair value measurement

Financial assets and liabilities that are recognized on the balance sheet at fair value can be classified in a hierarchy that is based on the significance of the inputs used in making the measurements. The levels in the hierarchy are:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

As at March 31, 2022 and December 31, 2021, financial instruments that are not measured at fair value on the statement of financial position are represented by cash and cash equivalents, short-term investment, receivables, due from related parties, accounts payable and accrued liabilities, due to related parties and lease obligations. The fair values of these financial instruments approximate their carrying value due to their short-term nature.

The Company's financial assets measured at fair values through profit or loss are as follows:

	Level 1	Level 2	Level 3
	\$	\$	\$
Investments at fair value, March 31, 2022	7,978,013	842,384	-
Investments at fair value, December 31, 2021	8,406,971	635,621	-

The Company uses the Black-Scholes option pricing model to determine the fair value of those shares purchase warrants with the use of assumptions. Fair value of investments classified at level 2 is reconciled as follows:

	December 31, 2021	Additions	Unrealized gain (loss)	March 31, 2022
	\$	\$	\$	\$
Share purchase warrants:	436,000	9,300	185,700	631,000
Convertible debenture:	95,000	-	(5,938)	89,062
Trust units:	104,621	-	17,701	122,322
	635,621	9,300	197,463	842,384

	December 31, 2020	Additions	Unrealized gain (loss)	December 31, 2021
	\$	\$	\$	\$
Share purchase warrants:	44,400	68,897	322,703	436,000
Convertible debenture:	75,000	-	20,000	95,000
Trust units:	113,232	-	(8,611)	104,621
	232,632	68,897	334,092	635,621

10. Internal Controls over Financial Reporting

Internal control over financial reporting (“ICFR”) is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The Company’s certifying officers, based on their knowledge, having exercised reasonable diligence, are also responsible to ensure that these filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by these filings, and these financial statements together with the other financial information included in these filings fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented in these filings. Due to the inherent limitations associated with any such controls and procedures, management recognizes that, no matter how well designed, they may not prevent or detect misstatements on a timely basis.

The Board of Directors approves the financial statements and MD&A and ensures that management has discharged its financial responsibilities. The Board’s review is accomplished principally through the Audit Committee, which meets periodically to review all financial reports, prior to filing.

10.1. Changes in Internal Controls over Financial Reporting

NI 52 - 109 also requires Canadian public companies to disclose any changes in ICFR during the most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, ICFR. No material changes were made to internal controls during the three months ended March 31, 2022.

11. Cautionary Statement on Forward-Looking Information

Except for statements of historical fact, this MD&A contains certain “forward looking information” and “forward looking statements” within the meaning of applicable securities laws, which reflect management’s current expectations,

assumptions, and beliefs of the Company as of the date of such information or statements. Generally, forward looking statements and information can be identified by the use of forward-looking terminology such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “believes” or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative connotation thereof.

All such forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. These statements are, however, subject to known and unknown risks and uncertainties and other factors. As a result, actual results, performance, or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what benefits will be derived therefrom. These risks, uncertainties and other factors include, among others: but are not limited to, statements with respect to the Company’s future growth, results of operations, performance and business prospects, opportunities, the Company’s investment strategy, investment process, and competitive advantage, growth expectation and opportunities, the availability of future acquisition opportunities and use of the proceeds from financing.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that statements containing forward looking information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on statements containing forward looking information. All the forward-looking information and statements contained in this document are expressly qualified, in their entirety, by this cautionary statement. The forward-looking information and statements are made as of the date of this document, and we assume no obligation to update or revise them except as required pursuant to applicable securities laws.