

**MINCO CAPITAL CORP.**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 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 based on available information up to August 23, 2022, and should be read in conjunction with the unaudited condensed interim financial statement and related notes thereto prepared by management for the six months ended June 30, 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 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 Company information is available under the Company’s profile on SEDAR at [www.sedar.com](http://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 of the date of this MD&A, the Company had 45,110,881 common shares and 4,840,000 stock options outstanding.

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## **1. Highlights for the Quarter**

During the three months ended June 30, 2022, the Company:

- a) acquired common shares and warrants of public companies for a total cost of \$314,000, disposed of common shares of public companies for proceeds of \$ 306,000, and recognized a gain of \$3,000. The Company also earned \$13,000 of dividend and interest income.
- b) acquired and cancelled 1,133,000 common shares of the Company for a total payment of \$79,000 under the NCIB program.

Subsequent to the six months ended June 30, 2022, the Company acquired 125,000 common shares of the Company for a total payment of \$7,000 under the NCIB program.

### **1.1. Net asset value**

As of June 30, 2022, the Company's net asset value was \$0.15 per share (December 31, 2021 - \$0.21 per share), while the Company's common shares traded at \$0.05 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. Under 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 is 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 of June 30, 2022:

	Number of Shares/Units Held	Fair value
<b>Equities of public resource companies:</b>	#	\$
<b>Top ten resource companies by fair value</b>		
-Minco Silver Corp. <sup>(i)</sup>	11,000,000	1,980,000
-Asante Gold Corp.	333,334	533,440
-Amerigo Resources	278,900	345,836
-Western Alaska Minerals Corp.	109,069	172,329
-Global Lithium EFT	1,750	163,604
-NEO Performance Metals	11,000	136,730
-Solaris Resources Inc.	16,230	121,076
-Cobalt Blue Holding	200,000	104,454
-Sherritt International Corp.	250,000	102,500
-Rare Element Resources	120,000	94,325
<b>Others</b>	various	1,720,305
<b>Equities of a private company (EL Olivar) <sup>(ii)</sup></b>	400,000	-
<b>Debentures:</b>		
-Convertible debenture: IBC Advanced Alloys 8.25%	100,000	70,000
<b>Trust units</b>		
-Sprott Physical Platinum & Palladium Trust	6,050	100,179
<b>Equity, total</b>		<b>5,644,778</b>
<b>Share warrants, various</b>		<b>514,000</b>
<b>Total</b>		<b>6,158,778</b>

The Company has the following investments as of the six months ended June 30, 2022:

(i) As of June 30, 2022, the Company held 11,000,000 common shares of Minco Silver Corporation (“Minco Silver”), which was approximately 18% of Minco Silver’s number of outstanding shares (December 31, 2021 - 11,000,000 common shares about 18% ownership). As of June 30, 2022, the market price closed at \$0.18 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 warrant entitling the holder to purchase one additional Class A voting share for 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 are uncertain.

In accordance with Level 3 of the fair value hierarchy, the Company impaired its investment of \$515,440 (US\$400,000) in El Olivar in 2009. During the six months ended June 30, 2022, there was no change in management’s assessment, and this investment remains impaired.

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

The continuity schedule of the Company’s investments during the six months ended June 30, 2022, is as follows:

	December 31, 2021	Additions	Proceeds from dispositions	Realized Gains	Unrealized losses	June 30, 2022
Investment in public entities:	\$	\$	\$	\$	\$	\$
- Shares and partnership units	8,406,971	409,425	(864,354)	169,881	(2,647,324)	5,474,599
- Share purchase warrants	436,000	17,800	-	-	60,200	514,000
Investment in trust units:	104,621	-	-	-	(4,442)	100,179
Convertible debenture:						
- IBC Advanced Alloys Corp.	95,000	-	-	-	(25,000)	70,000
<b>Total</b>	<b>9,042,592</b>	<b>427,225</b>	<b>(864,354)</b>	<b>169,881</b>	<b>(2,616,566)</b>	<b>6,158,778</b>

### 3. Results of Operations

Below is a discussion of the Company's operating results for the three and six months ended June 30, 2022, and 2021:

#### 3.1 Operating result comparison for the three months ended June 30, 2022, and 2021

Three months ended June 30,	2022	2021	Change
	\$	\$	\$
Dividend and interest income	12,990	5,512	7,478
Realized gain from investments	2,499	36,212	(33,713)
Unrealized gain (loss) from investments	(2,672,572)	598,322	(3,270,894)
	(2,657,083)	640,046	(3,297,129)
Operating expenses	(102,364)	(113,781)	11,417
Foreign exchange gain (loss)	2,892	(10,905)	13,797
Net income (loss)	(2,756,555)	515,360	(3,271,915)

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.

During the three months ended June 30, 2022 ("Q2, 2022"), the market value of the Company's investment portfolio decreased by \$3,271,000 compared to the same period of the prior year. The change in the share price of Minco Silver has a significant impact on the Company's performance.

The fair market value of Minco Silver was \$1,980,000 at \$0.18 per share as of June 30, 2022, compared to \$5,500,000 million at \$0.50 per share as of June 30, 2021. As a result, the fair market value of Minco Silver decreased by \$3,520,000 million compared to the same period in 2021.

During Q2, 2022, \$2,657,000 of the unrealized loss from investments was mainly due to the reduction in the market value of Minco Silver by \$1,210,000 (\$1,980,000 at \$0.18 per share on June 30, 2022, vs. \$3,190,000 at \$0.29 per share on March 31, 2022), and the market value of other investments in the portfolio by \$1,447,000.

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

### 3.1.1 Operating Expenses for the three months ended June 30, 2022, and 2021

The Company's operating expenses for the three months ended June 30, 2022, and 2021 are as follows:

Three months ended June 30,		2022	2021	Change
	ref	\$	\$	\$
Accounting and audit		6,308	5,646	662
Amortization		10,420	9,366	1,054
Consulting	a	20,625	13,125	7,500
Directors' fees		8,000	7,000	1,000
Interest expense		753	1,351	(598)
Investment evaluation and management		13,632	10,814	2,818
Legal and regulatory		9,210	10,625	(1,415)
Office and administration		7,892	6,317	1,575
Salaries and benefits	a	23,247	30,171	(6,924)
Share-based compensation	b	-	18,559	(18,559)
Travel and transportation		2,277	807	1,470
		102,364	113,781	(11,417)

The operating expenses decreased by \$11,000 during Q2, 2022, compared to the same period of the prior year, mainly due to the reasons below:

- In December 2021, the Company announced a management change. As a result, consulting fees increased by \$7,500 while the salaries and benefits decreased by \$7,000 in Q2, 2022, compared to the same period of the prior year.
- Share-based compensation fluctuates yearly depending on the timing and fair value of options vested each year. The Company recorded \$Nil of share-based compensation in Q2, 2022 (2021 - \$19,000).

### 3.1.2 Foreign exchange loss

The Company holds cash and investments denominated in US dollars from time to time. US dollar appreciated against Canadian dollars by 3.1% in Q2, 2022 (2021 – depreciated 1.4%). As a result, the Company recorded \$3,000 of foreign exchange gain in Q2, 2022 (2021 – a loss of \$8,000).

### 3.2 Operating result comparison for the six months ended June 30, 2022, and 2021

Six months ended June 30,	2022	2021	Change
	\$	\$	\$
Dividend and interest income	31,050	8,919	22,131
Realized gain from investments	169,881	117,057	52,824
Unrealized loss from investments	(2,616,566)	(132,817)	(2,483,749)
	(2,415,635)	(6,841)	(2,408,794)
Operating expenses	(200,901)	(235,602)	34,701
Foreign exchange loss	(430)	(19,633)	19,203
Net loss	(2,616,966)	(262,076)	(2,354,890)

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.

Please refer to Section 3.1 for the discussion of unrealized loss from investments.

### 3.2.1 Operating Expenses for the six months ended June 30, 2022, and 2021

The Company's operating expenses for the six months ended June 30, 2022, and 2021 are as follows:

Six months ended June 30,		2022	2021	Change
	ref	\$	\$	\$
Accounting and audit		11,885	10,124	1,761
Amortization		20,841	18,733	2,108
Consulting	a	41,250	26,250	15,000
Directors' fees		13,000	12,000	1,000
Interest expense		1,699	2,859	(1,160)
Investment evaluation and management		22,727	19,698	3,029
Legal and regulatory		21,978	19,410	2,568
Office and administration		16,400	14,770	1,630
Salaries and benefits	a	47,618	61,479	(13,861)
Share-based compensation	b	-	48,726	(48,726)
Travel and transportation		3,503	1,553	1,950
		200,901	235,602	(34,701)

The operating expenses decreased by \$35,000 during the six months ended June 30, 2022, compared to the prior year's same period. Please refer to Section 3.1.1 for the variance discussion.

### 3.2.2 Foreign exchange loss

Please refer to Section 3.1.2 for the discussion.

## 4. Summary of Quarterly Results

Period ended	Net income (loss)	Income (loss) per share	
		Basic	Diluted
	\$	\$	\$
06-30-2022	(2,756,555)	(0.06)	(0.06)
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)

Variations in quarterly performance among the 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 June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Operating activities	(108,502)	(857,210)	241,811	(1,100,779)
Financing activities	(89,467)	(9,359)	(130,758)	(40,720)

#### Operating activities

During Q2, 2022, the Company generated cash of \$306,000 (2021 – \$82,000) from the disposition of investments and used cash of \$315,000 (2021 - \$753,000) to purchase the investment assets. The Company used cash of \$100,000 in other operating activities and working capital (2021 - \$187,000).

During the six months ended June 30, 2022, the Company generated cash of \$864,000 (2021 – \$258,000) from the disposition of investments and used cash of \$427,000 (2021 - \$1,083,000) in the purchase of investment assets. The Company used cash of \$195,000 (2021 – \$275,000) in other operating activities and working capital.

#### Financing activities

During Q2, 2022, the Company used \$7,000 (2021 - \$Nil) to purchase the company’s common shares under the NCIB program and \$11,000 (2021 - \$9,400) in the payment of the lease obligation in connection with the Company’s shared office.

During the six months ended June 30, 2022, the Company used \$109,000 (2021 - \$22,000) in the purchase of the Company’s common shares under the NCIB program and \$21,000 (2021 - \$19,000) in the payment of the lease obligation in connection with the Company’s shared office.

### 5.2 Capital Resources and Liquidity Risk

As of June 30, 2022, the Company’s working capital was \$6,834,000 compared to \$9,557,000 as of December 31, 2021. The Company’s operations were funded by its working capital during the current year. The Company believes sufficient working capital is 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 and six months ended June 30, 2022, and 2021, compensations to the key management are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Senior management remuneration	36,467	23,410	62,717	47,701
Directors’ fees	8,000	7,000	13,000	12,000
Share-based compensation	-	13,129	-	34,469
Total	44,467	43,539	75,717	94,170

## b) Investments

Refer to Item 2. Above are investments at Fair Value 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 specific office rental and administration expenditures.

- As of June 30, 2022, the Company's due to/from related parties consists of:
- \$4,017 due from Minco Silver (December 31, 2021 – due to Minco Silver of \$6,420) in relation to shared office expenses reimbursement.
- \$167,045 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 expenses. Actual charges incurred by the Company may differ from these values.

The Company's significant accounting policies, applied judgements and estimates are set out in notes 3 and 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 of June 30, 2022, and December 31, 2021:

	June 30, 2022	December 31, 2021
	\$	\$
<b>Fair value through profit and loss:</b>		
Investments at fair value	6,158,778	9,042,592
<b>Amortized cost:</b>		
Cash and cash equivalents	499,049	387,996
Short-term investment	20,000	20,000
Receivables	3,932	6,877
Due from related parties	171,062	219,951
Accounts payable and accrued liabilities	21,824	95,896
Due to related parties	-	6,420
Lease obligations	34,553	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 of June 30, 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, June 30, 2022	5,474,599	684,179	-
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 using assumptions. The fair value of investments classified at level 2 is reconciled as follows:

	December 31, 2021	Additions	Unrealized gain (loss)	June 30, 2022
	\$	\$	\$	\$
Share purchase warrants:	436,000	17,800	60,200	514,000
Convertible debenture:	95,000	-	(25,000)	70,000
Trust units:	104,621	-	(4,442)	100,179
	635,621	17,800	30,758	684,179

	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 preparing 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 for ensuring 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, concerning 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 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 before 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 are reasonably likely to materially affect ICFR. No material changes were made to internal controls during the three months ended June 30, 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 specific 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 assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, and other factors we believe are appropriate in the circumstances. However, these statements are subject to known and unknown risks, 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 the financing.

Although the Company has attempted to identify important factors that could cause actual results to differ materially, other factors may cause results not to be as anticipated, estimated or intended. There can be no assurance that statements containing forward-looking information will be accurate as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not rely on statements containing forward-looking information. All the forward-looking information and opinions 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.