

MINCO CAPITAL CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED SEPTEMBER 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 November 17, 2022, and should be read in conjunction with the unaudited condensed interim financial statement and related notes thereto prepared by management for the nine months ended September 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 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. 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 44,835,881 common shares and 4,390,000 stock options outstanding.

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1. Highlights for the Quarter

During the three months ended September 30, 2022 (“Q3 2022”), the Company:

- a) acquired common shares and warrants of public companies for a total cost of \$13,000, disposed of common shares of public companies for proceeds of \$10,000, and recognized a loss of \$2,000. The Company also earned \$16,000 of dividend and interest income.
- b) acquired and cancelled 400,000 common shares of the Company for a total payment of \$23,000 under the NCIB program.

1.1. Net Asset Value

As of September 30, 2022, the Company’s net asset value was \$0.14 per share (December 31, 2021 - \$0.21 per share), while the Company’s common shares traded at \$0.06 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 September 30, 2022:

	Number of Shares/Units Held	Fair value
Equities of public resource companies:	#	\$
Top ten resource companies by fair value		
-Minco Silver Corporation ⁽ⁱ⁾	11,000,000	1,925,000
-Asante Gold Corporation	333,334	393,412
-Amerigo Resources Ltd.	278,900	270,533
-Western Alaska Minerals Corp.	109,069	241,042
-Global X Lithium & Battery ETF	1,750	158,580
-Cobalt Blue Holdings Limited	200,000	132,766
-NEO Performance Materials Inc.	11,000	112,090
-Sherritt International Corporation	250,000	95,000
-Solaris Resources Inc.	16,230	94,134
-Hudson Resources Inc.	1,750,857	70,034
Others	various	1,643,867
Equities of a private company (EL Olivar) ⁽ⁱⁱ⁾	400,000	-
Debentures:		
-Convertible debenture: IBC Advanced Alloys 8.25%	100,000	72,063
Trust units		
-Sprott Physical Platinum & Palladium Trust	6,050	106,562
Equity, total		5,315,083
Share warrants, various		338,000
Total		5,653,083

The Company has the following investments as of the nine months ended September 30, 2022:

(i) As of September 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 September 30, 2022, the market price closed at \$0.175 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 “EI 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, dividends have yet to be 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.

During the nine months ended September 30, 2022, El Olivar initiated moving from a Peruvian private company to a Canadian public Company.

In accordance with Level 3 of the fair value hierarchy, the Company impaired its investment of \$548,280 (US\$400,000) in El Olivar in 2009. During the nine months ended September 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 nine months ended September 30, 2022, is as follows:

	December 31, 2021	Additions	Proceeds from dispositions	Realized Gain	Unrealized gain (loss)	September 30, 2022
Investment in public entities:	\$	\$	\$	\$	\$	\$
- Shares and partnership units	8,406,971	539,994	(874,793)	167,475	(3,103,189)	5,136,458
- Share purchase warrants	436,000	17,800	-	-	(115,800)	338,000
Investment in trust units:	104,621	-	-	-	1,941	106,562
Convertible debenture:						
- IBC Advanced Alloys Corp.	95,000	-	-	-	(22,937)	72,063
Total	9,042,592	557,794	(874,793)	167,475	(3,239,985)	5,653,083

3. Results of Operations

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

3.1 Operating Result Comparison for the Three and Nine Months ended September 30, 2022, and 2021

	Three months ended September 30,			Nine months ended September 30,		
	2022	2021	Change	2022	2021	Change
	\$	\$	\$	\$	\$	\$
Dividend and interest income	16,034	6,454	9,580	47,084	15,373	31,711
Realized gain (loss) from investments	(2,406)	(112)	(2,294)	167,475	116,945	50,530
Unrealized gain (loss) from investments	(623,419)	(1,256,373)	632,954	(3,239,985)	(1,389,190)	(1,850,795)
	(609,791)	(1,250,031)	640,240	(3,025,426)	(1,256,872)	(1,768,554)
Operating expenses	(84,664)	(105,200)	20,536	(285,565)	(340,802)	(55,237)
Foreign exchange gain (loss)	4,757	9,878	(5,121)	4,327	(9,755)	14,082
Net income (loss)	(689,698)	(1,345,353)	655,655	(3,306,664)	(1,607,429)	(1,699,235)

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 Q3 2022, the unrealized loss of \$0.6 million from investment was mainly attributed to the fair market value decrease in Asante Gold Corporation, Amerigo Resources Ltd., Minco Silver, Solaris Resources Inc., Azimut Exploration Inc., Lion One Metals Ltd., Rare Element Resources Ltd., etc. During the three months ended September 30, 2021 ("Q3 2021"), the unrealized loss of \$1.3 million from investments was mainly due to the market value of Minco Silver shares decreasing by \$1.4 million, offset by \$0.1 million of unrealized gain from various other investments.

During the nine months ended September 30, 2022, the market value of the Company's investment portfolio decreased by \$3.2 million 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 \$1.9 million at \$0.175 per share as of September 30, 2022, compared to \$3.6 million at \$0.33 per share as of December 31, 2021. As a result, the fair market value of Minco Silver decreased by \$1.7 million during the nine months ended September 30, 2022. The remaining losses were mainly attributed to the fair market value decrease in Solaris Resources Inc., Rare Element Resources Ltd, NEO Performance Materials Inc., Hudson Resources Inc., Azimut Exploration Inc., E2 Gold Corp. etc. During the nine months ended September 30, 2021, the unrealized loss of \$1.4 million was mainly due to the market

value of Minco Silver shares decreased by \$1.7 million during the period, offset by \$0.3 million of the net unrealized gain from various other investments.

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 and Nine Months ended September 30, 2022, and 2021

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

	ref	Three months ended September 30,			Nine months ended September 30,		
		2022	2021	change	2022	2021	change
		\$	\$	\$	\$	\$	\$
Accounting and audit		5,828	6,090	(262)	17,713	16,214	1,499
Amortization		10,422	9,367	1,055	31,263	28,100	3,163
Consulting	a	7,775	13,125	(5,350)	49,025	39,375	9,650
Directors' fees		6,500	5,500	1,000	19,500	17,500	2,000
Interest expense		552	1,187	(635)	2,251	4,046	(1,795)
Investment evaluation and management		10,326	8,709	1,617	33,053	28,407	4,646
Legal and regulatory		4,545	6,900	(2,355)	26,523	26,310	213
Office and administration		15,757	12,794	2,963	32,157	27,564	4,593
Salaries and benefits	b	22,285	26,268	(3,983)	69,903	87,747	(17,844)
Share-based compensation	c	-	13,889	(13,889)	-	62,615	(62,615)
Travel and transportation		674	1,371	(697)	4,177	2,924	1,253
		84,664	105,200	(20,536)	285,565	340,802	(55,237)

The operating expenses decreased by \$21,000 during Q3 2022 compared to Q3 2021.

The operating expenses decreased by \$55,000 during the nine months ended September 30, 2022, compared to the same period of the prior year.

Significant changes in operating expenses are as follows:

- (a). During Q3 2022, the consulting fee decreased by \$5,000 compared to the same period of the prior year as the former CFO resigned in July 2022.

During the nine months ended September 30, 2022, the consulting fees increased by \$10,000 compared to the same period of the prior year due to the reallocation of consulting fees in 2022.

- (b). During Q3 2022, salaries and benefits expenses decreased by \$4,000 compared to the same period of the prior year, mainly due to minimizing the management team in 2022.

During the nine months ended September 30, 2022, salaries and benefits expenses decreased by \$19,000 for the same reason described above.

- (c). Share-based compensation fluctuates yearly depending on the timing and fair value of options vested each year.

During Q3 2022, the Company recorded \$Nil of share-based compensation (2021 - \$14,000).

During the nine months ended September 30, 2022, the Company recorded \$Nil of share-based compensation (2021 - \$63,000).

3.1.2 Foreign Exchange Loss

The Company's foreign exchange gain (loss) is a result of the effect of the exchange rate change between the US dollar and the Canadian dollar on the US dollar denominated in cash and cash equivalent held by the Company.

During Q3 2022, the US dollar appreciated against Canadian dollars by 7.0% (2021 – 0.07%). As a result, the Company recorded a \$5,000 foreign exchange gain (2021 – \$10,000).

During the nine months ended September 30, 2022, the US dollar appreciated against Canadian dollars by 6.5% (2021 – depreciated 0.1%). As a result, the Company recorded \$4,000 of foreign exchange gain (2021 – a loss of \$10,000).

4. Summary of Quarterly Results

Period ended	Net income (loss)	Income (loss) per share	
		Basic	Diluted
	\$	\$	\$
09-30-2022	(689,698)	(0.02)	(0.02)
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

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 September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Operating activities	(99,360)	(597,609)	142,451	(1,696,388)
Financing activities	(33,342)	(45,670)	(164,100)	(86,390)
Investing activities	-	(853)	-	(853)

Operating activities

During Q3 2022, the Company generated cash of \$10,000 (2021 – \$75,000) from the disposition of investments and used cash of \$131,000 (2021 - \$536,000) to purchase the investment assets. The Company generated \$21,000 in other operating activities and working capital (2021 – used cash of \$135,000).

During the nine months ended September 30, 2022, the Company generated cash of \$875,000 (2021 – \$333,000) from the disposition of investments and used cash of \$558,000 (2021 - \$1,620,000) to purchase the investment assets. The Company used cash of \$175,000 (2021 – \$410,000) in other operating activities and working capital.

Financing activities

During Q3 2022, the Company used \$23,000 (2021 - \$36,000) to purchase the company's common shares under the NCIB program and \$11,000 (2021 - \$9,400) to pay the lease obligation in connection with the Company's shared office.

During the nine months ended September 30, 2022, the Company used \$132,000 (2021 - \$58,000) to purchase the Company's common shares under the NCIB program and \$32,000 (2021 - \$28,000) to pay the lease obligation in connection with the Company's shared office.

Investing activities

During Q3 and the nine months ended September 30, 2022, the Company used \$Nil (2021 - \$850) to purchase office equipment.

5.2 Capital Resources and Liquidity Risk

As of September 30, 2022, the Company's working capital was \$6,132,000 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 operational requirements for 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 nine months ended September 30, 2022, and 2021, compensations to the key management are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2022	2021	2022	2021
	\$	\$	\$	\$
Senior management remuneration	30,914	23,410	93,631	71,111
Directors' fees	6,500	5,500	19,500	17,500
Share-based compensation	-	9,825	-	44,294
Total	37,414	38,735	113,131	132,905

b) Investments

Refer to Section 2 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 specific office rental and administration expenditures.

- As of September 30, 2022, the Company's due to/from related parties consists of:
- \$Nil due to Minco Silver (December 31, 2021 - \$6,420) in relation to shared office expenses reimbursement.
- \$115,456 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 judgments 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 September 30, 2022, and December 31, 2021:

	September 30, 2022	December 31, 2021
	\$	\$
Fair value through profit and loss:		
Investments at fair value	5,653,083	9,042,592
Amortized cost:		
Cash and cash equivalents	366,347	387,996
Short-term investment	20,000	20,000
Receivables	2,677	6,877
Due from related parties	115,456	219,951
Accounts payable and accrued liabilities	26,882	26,882
Due to related parties	-	6,420
Lease obligations	24,427	48,575

Fair value measurement

Financial assets and liabilities recognized on the balance sheet at fair value can be classified in a hierarchy based on the significance of the inputs used in 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 September 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, September 30, 2022	5,136,458	516,625	-
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)	September 30, 2022
	\$	\$	\$	\$
Share purchase warrants:	436,000	17,800	(115,800)	338,000
Convertible debenture:	95,000	-	(22,937)	72,063
Trust units:	104,621	-	1,941	106,562
	635,621	17,800	(136,796)	516,625

	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 September 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 concerning 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.