

MINCO CAPITAL CORP.
MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE THREE MONTHS ENDED MARCH 31, 2023

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 19, 2023, 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, 2023. 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, 2022.

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 information about 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.

The Company was incorporated in 1982 under the laws of British Columbia, Canada, as Cap Rock Energy Ltd. On February 25, 2019, the Company changed its name to Minco Capital Corp. 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 44,479,881 common shares and 4,797,000 stock options outstanding.

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1. Highlights for the Quarter

During the three months ended March 31, 2023, the Company:

- a) renewed the NCIB for a term of one year ending March 31, 2024. Under the renewed NCIB program, the Company may repurchase for cancellation up to 3,410,425 or 10% of the Company's public float.
- b) acquired and cancelled 309,000 common shares of the Company for a total payment of \$17,000 under the NCIB program.
- c) granted stock options to employees, consultants and directors for the purchase of 2,700,000 common shares at an exercise price of \$0.055 per common share. These options vest over an 18-month period from the issue date and will expire five years after issuance if unexercised.

1.1. Subsequent events

Subsequent to the three months ended March 31, 2023, the Company amended its stock option plan to reflect the new policy posted by the TSX-V, subject to approval by the shareholders during the Company's annual general meeting on June 9, 2023, and approval by the TSX-V thereafter.

On April 24, 2023, the Company announced the cancellation of 103,000 insider stock options that exceeded the insider limit set by its stock option plan, reducing the number of outstanding options to 4,797,000.

1.2. Net asset value

As of March 31, 2023, the Company's net asset value was \$0.16 per share (December 31, 2022 - \$0.15 per share) while the Company's common shares traded at \$0.06 per share (December 31, 2022 - \$0.05 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 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. For convertible debentures, the Company reviews quoted bid and ask prices, if available. If such information is unavailable, the convertible debenture is measured at either its redemption or conversion value, depending on the Company's intent to exercise the instrument upon maturity.

The Company has the following investments as of March 31, 2023:

| | 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 Corp. | 333,400 | 556,778 |
| -Amerigo Resources Ltd. | 278,900 | 454,607 |
| -Western Alaska Minerals Corp. | 109,069 | 309,756 |
| -Global X Lithium & Battery ETF | 1,750 | 150,078 |
| -Sherritt International Corporation | 250,000 | 140,000 |
| -Cobalt Blue Holdings Limited | 200,000 | 117,600 |
| -Neo Performance Materials Inc. | 11,000 | 102,080 |
| -Vaneck Vectors ETF | 2,023 | 88,565 |
| -Teck Resources Limited | 1,500 | 74,025 |
| Others | various | 1,475,599 |
| Equities of a private company (EL Olivar)⁽ⁱⁱ⁾ | 400,000 | - |
| Debentures: | | |
| -Convertible debenture: IBC Advanced Alloys 8.25% | 100,000 | 82,063 |
| Trust units | | |
| -Sprott physical platinum palladium | 6,050 | 99,805 |
| Equity, total | | 5,575,956 |
| Share warrants, various | | 478,000 |
| Total | | 6,053,956 |

The Company has the following investments during the three months ended March 31, 2023:

(i) As of March 31, 2023, and December 31, 2022, the Company's investment in public entities includes 11,000,000 common shares of Minco Silver, which was approximately 18% of Minco Silver's outstanding shares.

Minco Silver holds a 90% interest in the Fuwan silver deposit, situated along the northeast margin of the prospective Fuwan Silver Belt in Guangdong, China and 51% interest in the Changkeng gold project, located contiguous to, and part of the same mineralized system. Further information with respect to Minco Silver may be found at Minco Silver's website, www.mincosilver.ca. The Company has held its investment in Minco Silver since the spin-off of Minco Silver from the Company in 2005.

The performance of Minco Silver's share price has a greater impact on the Company's overall performance than the balance of its portfolio. As of March 31, 2023, the share price of Minco Silver closed at \$0.175 (compared to \$0.20 as of December 31, 2022). The fair market value of Minco Silver's 11 million common shares was \$1,925,000 (compared to \$2,200,000 as of December 31, 2022), which accounted for 32% of the Company's investment portfolio by fair value (compared to 37% as of December 31, 2022). Therefore, of the \$11,000 unrealized gain reported for the three months ended March 31, 2023, \$275,000 was from unrealized losses from shares of Minco Silver, and \$286,000 was from unrealized gains in the remainder of the investment holdings.

(ii) On December 22, 2016, the Company acquired 5.9% 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 for US\$1.00. Such warrants expired in 2019.

In accordance with Level 3 of the fair value hierarchy, the Company impaired its investment of \$541,320 (US\$400,000) in El Olivar in 2009. During the three months ended March 31, 2023, 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, 2023, is as follows:

| | December 31, 2022 | Additions | Proceeds from dispositions | Realized Gains | Unrealized losses | March 31, 2023 |
|--------------------------------|----------------------|----------------|----------------------------------|-------------------|----------------------|-------------------|
| Investment in public entities: | \$ | \$ | \$ | \$ | \$ | \$ |
| - Shares and partnership units | 5,420,458 | 329,846 | (291,943) | 2,240 | (66,513) | 5,394,088 |
| - Share purchase warrants | 384,000 | - | - | - | 94,000 | 478,000 |
| Investment in trust units: | 108,736 | - | - | - | (8,931) | 99,805 |
| Convertible debenture: | 90,000 | - | - | - | (7,937) | 82,063 |
| Total | 6,003,194 | 329,846 | (291,943) | 2,240 | 10,619 | 6,053,956 |

3. Results of Operations

3.1 Operating result comparison for the three months ended March 31, 2023, and 2022

| | 2023 | 2022 | Change |
|----------------------------------|----------|----------|-----------|
| | \$ | \$ | \$ |
| Dividend and interest income | 16,302 | 18,060 | (1,758) |
| Realized gain from investments | 2,240 | 167,382 | (165,142) |
| Unrealized gain from investments | 10,619 | 56,006 | (45,387) |
| | 29,161 | 241,448 | (212,287) |
| Operating expenses | (97,236) | (98,537) | 1,301 |
| Foreign exchange loss | (815) | (3,322) | 2,507 |
| Net income (loss) | (68,890) | 139,589 | (208,479) |

The Company's gains and losses from investments are dependent on the performance of the entities it invests in and can fluctuate due to various factors such as the overall state of the economy, government policies, foreign exchange rates, and commodity prices. These factors are outside the Company's control.

During the first quarter of 2023, the Company had a net realized gain of \$2,000 (compared to \$167,000 in 2022).

During the first quarter of 2023, the Company's investment portfolio increased in market value by \$11,000. The change in the share price of Minco Silver has a larger impact on the Company's overall performance than the balance of the portfolio. Although the market value of other investments increased by \$286,000, the market value of Minco Silver decreased by \$275,000.

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 March 31, 2023, and 2022

The Company's operating expenses for the three months ended March 31, 2023, and 2022 are as follows:

| | 2023 | 2022 | changed |
|--------------------------------------|--------|--------|----------|
| | \$ | \$ | \$ |
| Accounting and audit | 6,271 | 5,577 | 694 |
| Amortization | 11,040 | 10,421 | 619 |
| Consulting | 5,625 | 20,625 | (15,000) |
| Directors' fees | 8,500 | 5,000 | 3,500 |
| Interest expense | 4,127 | 946 | 3,181 |
| Investment evaluation and management | 11,978 | 9,095 | 2,883 |
| Legal and regulatory | 11,276 | 12,768 | (1,429) |
| Office and administration | 9,035 | 8,510 | 525 |
| Salaries and benefits | 27,080 | 24,371 | 2,709 |
| Share-based compensation | 1,621 | - | 1,621 |
| Travel and transportation | 683 | 1,226 | (543) |
| | 97,236 | 98,539 | (1,303) |

The Company's operating expenses decreased by \$1,300 in the first quarter of 2023, which was consistent with the expenses incurred in the same period in 2022.

The consulting fee decreased by \$15,000 due to a reduction in the number of consultants.

Share-based compensation expenses fluctuate annually depending on the fair value and timing of vested options each year. On March 27, 2023, the Company granted 2.7 million stock options to its employees and directors, resulting in \$1,600 of recorded share-based compensation expenses.

3.1.2 Foreign exchange loss

The Company holds cash and investments in US dollars from time to time. During the first quarter of 2023, the US dollar depreciated by 0.5% against the Canadian dollar (compared to a depreciation of 1.5% in 2022). As a result, the Company recorded a foreign exchange loss of \$800 in the first quarter of 2023 (compared to a loss of \$3,000 in 2022).

4. Summary of Quarterly Results

| Period ended | Net income (loss) | Income (loss) per share | |
|--------------|-------------------|-------------------------|---------|
| | | Basic | Diluted |
| | \$ | \$ | \$ |
| 03-31-2023 | (68,890) | (0.00) | (0.000) |
| 12-31-2022 | 734,943 | 0.02 | 0.02 |
| 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 |

The variations in quarterly performance over the past eight quarters were primarily due to a combination of gains (losses) from investments held at fair value, the amount of share-based compensation recognized in each period, and foreign exchange gains or losses. The Company's performance is not subject to seasonality.

5. Liquidity and Capital Resources

5.1 Cash Flows

| | Three months ended March 31, | |
|----------------------|------------------------------|----------|
| | 2023 | 2022 |
| | \$ | \$ |
| Operating activities | (72,995) | 350,313 |
| Financing activities | (27,322) | (41,291) |

Operating activities

During the first quarter of 2023, the Company generated \$292,000 in cash from the disposition of investments (compared to \$558,000 in 2022) and used \$330,000 in cash to purchase investments (compared to \$113,000 in 2022). The Company also used \$35,000 in cash for other operating activities and working capital (compared to \$95,000 in 2022).

Financing activities

During the first quarter of 2023, the Company used \$17,000 to purchase its common shares under the NCIB program (compared to \$31,000 in 2022) and \$11,000 to pay the lease obligation for its shared office (compared to \$10,000 in 2022).

5.2 Capital Resources and Liquidity Risk

As of March 31, 2023, the Company's working capital was \$6,791,000, compared to \$6,874,000 as of December 31, 2022. The Company has funded its operations using its working capital so far this year, and it believes that it has enough working capital 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

The Company's key management comprises its directors and senior executives, and their compensation is included in the operating expenses. The compensation for the key management during the three months ended March 31, 2023, and 2022, is as follows:

| | 2023 | 2022 |
|--------------------------------|--------|--------|
| | \$ | \$ |
| Senior management remuneration | 29,204 | 26,250 |
| Directors' fees | 8,500 | 5,000 |
| Share-based compensation | 1,621 | - |
| Total | 39,325 | 31,250 |

b) Investments

Refer to section 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 common directors and management. As a result, these companies shared certain office rental and administrative expenses.

As of March 31, 2023, the Company’s due to/from related parties consists of:

- \$Nil due from Minco Silver (December 31, 2022 – \$1,909) in relation to shared office expenses reimbursement.
- \$Nil due from Hempnova (December 31, 2022 - \$21,431) in relation to shared office expenses reimbursement.
- \$13,458 due to a company controlled by the Company’s CEO (December 31, 2022 –\$339) 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 amounts 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 note 4 of the audited annual financial statements for the year ended December 31, 2022.

9. Financial Instruments

Following is a summary of the Company’s financial assets and liabilities as of March 31, 2023 and December 31, 2022:

| | March 31, 2023 | December 31, 2022 |
|--------------------------------------------|----------------|-------------------|
| | \$ | \$ |
| Fair value through profit and loss: | | |
| Investments at fair value | 6,053,956 | 6,003,194 |
| Amortized cost: | | |
| Cash and cash equivalents | 781,921 | 882,238 |
| Short-term investment | 20,000 | 20,000 |
| Receivables | 2,738 | 4,677 |
| Due from related parties | - | 23,340 |
| Deposit | 13,964 | 13,148 |
| Accounts payable and accrued liabilities | 32,646 | 46,264 |
| Due to related parties | 13,458 | 339 |
| Lease obligations | 205,548 | 212,100 |

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 March 31, 2023, and December 31, 2022, 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, 2023 | 5,394,088 | 659,868 | - |
| Investments at fair value, December 31, 2022 | 5,420,458 | 582,736 | - |

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, 2022 | Additions | Unrealized gain (loss) | March 31, 2023 |
|--------------------------|----------------------|-----------|---------------------------|-------------------|
| | \$ | \$ | \$ | \$ |
| Share purchase warrants: | 384,000 | - | 94,000 | 478,000 |
| Convertible debenture: | 90,000 | - | (7,938) | 82,063 |
| Trust units: | 108,736 | - | (8,931) | 99,805 |
| | 582,736 | - | 77,132 | 659,868 |

| | December 31, 2021 | Additions | Unrealized gain (loss) | December 31, 2022 |
|--------------------------|----------------------|-----------|---------------------------|----------------------|
| | \$ | \$ | \$ | \$ |
| Share purchase warrants: | 436,000 | 17,800 | (69,800) | 384,000 |
| Convertible debenture: | 95,000 | - | (5,000) | 90,000 |
| Trust units: | 104,621 | - | 4,115 | 108,736 |
| | 635,621 | 17,800 | (70,685) | 582,736 |

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 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, 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. Accordingly, no material changes were made to internal controls during the three months ended March 31, 2023.

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.